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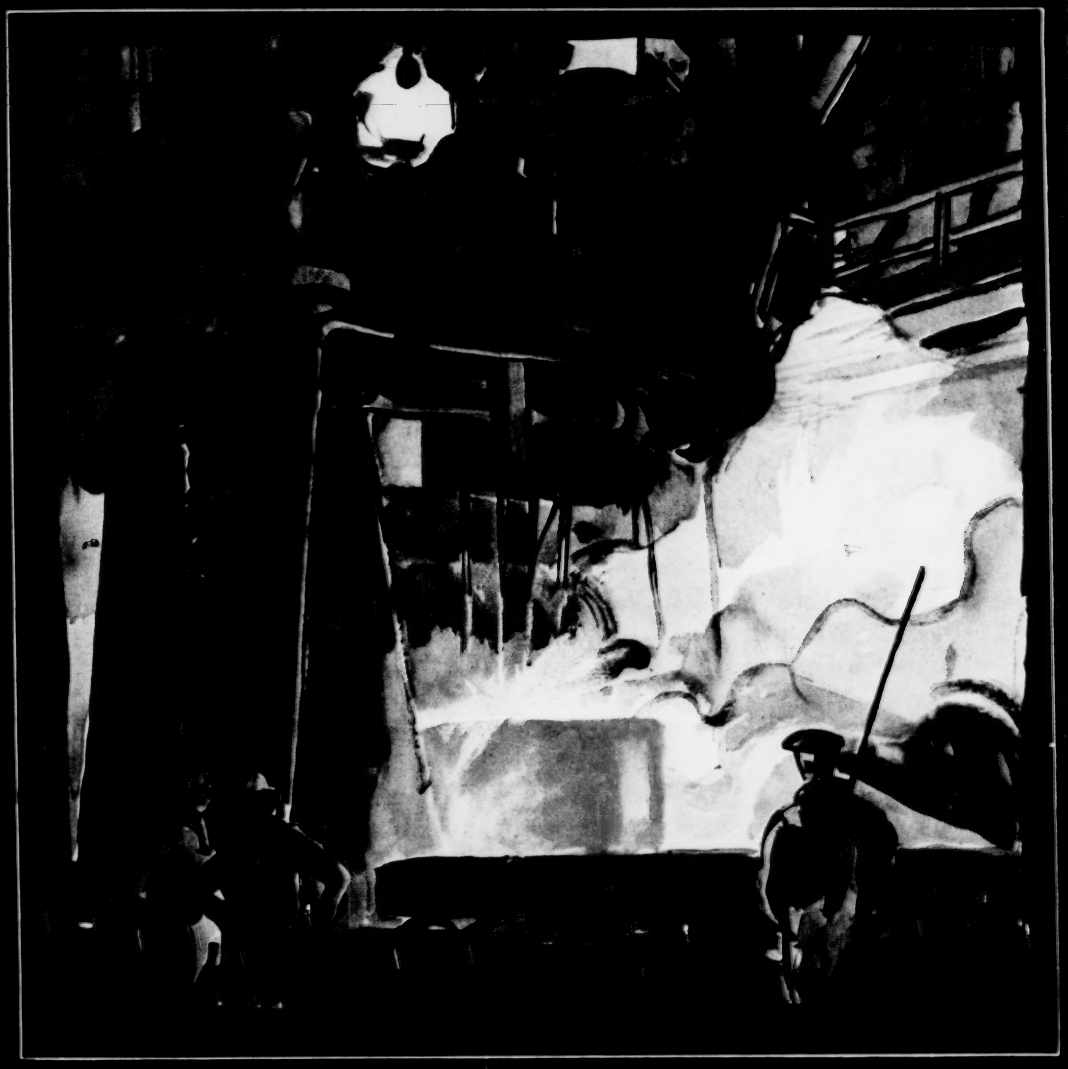

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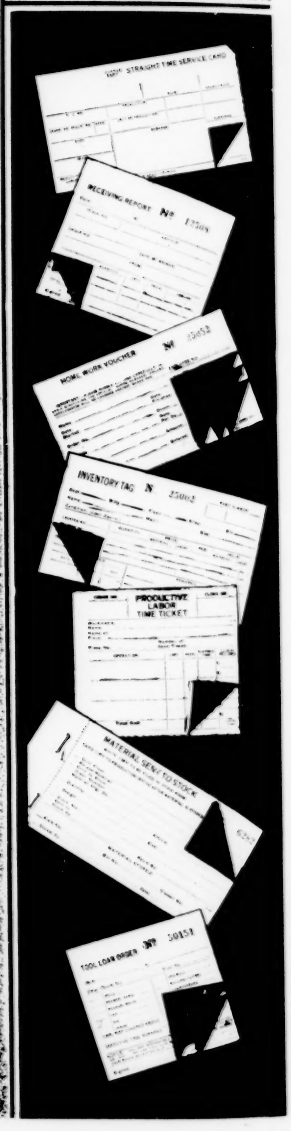

McCASKEY

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The Business Week

WITH WHICH IS COMBINED THE MAGAZINE OF BUSINESS

A JOURNAL OF BUSINESS NEWS AND INTERPRETATION

COVERING EVENTS OF THE WEEK

ENDING DECEMBER 7, 1929

It is only Work that Counts

"THE most complete cross-section" of the American business world ever assembled in one room heard Thursday in Washington these wise sayings:

"Normal, reasonable activity" will suffice to cure any ills in the present business situation.

Trade associations, chambers of commerce, don't buy anything, don't sign any building contracts. Individual effort is what counts.

American business is an aggregate of millions of small transactions. Unless the measures taken by the leaders of American industry are copied by thousands upon thousands of smaller business men, the President's whole program for stimulating business falls flat.

The meeting of a few hundred business leaders was called by the U. S. Chamber of Commerce at the President's behest. It was the second great step in his program. The temper of the meeting suggested it would be highly successful, would not end in talk, but in bricks laid and steel erected.

Business Outlook — Cloudy, Cooler

GRADUAL business recession continues, but a sharp-nosed forecaster can sense an approcahing change. Industrial activity slackens about as expected, but there are increased signs of resistance to any acceleration of the decline. One such is sustained coal production; a more significant is a sharp rise in construction activity. General trade activity has begun to fall off more rapidly, as reflected in merchandise and miscellaneous carloadings and money turnover outside larger cities.

All this is so far according to rule. Normally basic industrial activity declines earlier and rises earlier than trade. Such activity has been declining since August, as a reaction to unusual expansion in the first half year and following the usual seasonal trend. But general trade was well sustained till early in November. We may therefore expect an early strengthening of production, with some further slackening in trade during the next few weeks, until the effects of more active industrial operation and increased employment begin to appear. The administration's efforts may shorten the lag.

The credit situation and security market outlook are not so favorable. Easing of money for business expansion is retarded by a rather heavy burden of commercial and security loans being carried by member banks. Liquidation of these during the next three months may depress security and commodity prices.

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The President's Message to Business

MR. HOOVER started the second session of the Seventy-first Congress off on the right track with the usual message—his first. It was a clear review of the more important features of the present situation in which the new Congress meets—a statement of facts rather than of recommendations.

The portions of the message of direct importance to business are these:

The growing expense of national defense is emphasized, in somewhat pointed contrast to the efforts for the promotion of peace. The President says, "The total of expenditures for national defense is in excess of those of the most highly militarized nations of the world." It has increased from $267,000,000 in 1914 to $730,000,000. If naval limitation fails we shall be committed during the next six years to a construction expenditure of more than $1,200,000,000, with increased costs for annual up-keep.

Government finances are in good shape. The public debt has been reduced from its maximum of $26,596,000,000 in August, 1919, to somewhat less than $16,700,000,000. It will be difficult to keep expenditures for the next fiscal year within the limits of those of the present year. Budget appropriations recommended for the next fiscal year are about 0.1% above the present, not including money for the Farm Board. Nevertheless, this fiscal year is expected to end with a surplus of about $225,000,000 and the following fiscal year (1931) with a surplus of about $123,000,000 —though the latter is uncertain. In view of this uncertainty a provisional revision of tax rates of 1% in all brackets of personal income and on corporation income for this calendar year is recommended.

We Still Pay for War

ALL debts of foreign countries are or will shortly be settled except those of Russia and Armenia—the former ad-

mittedly purely hypothetical, and the latter country having disappeared from the map. Congress still has to pass upon the President's recommendations for reduction and extension of time for payment of the amounts owed by Germany to us (THE BUSINESS WEEK Nov. 20, page 6). The funded indebtedness of the various countries to the United States is $11,579,465,885. They will pay us on account of principal and interest in 1930 about $239,000,000. Our tax payers have to find annually about $472,000,000 in interest, and in addition redeem the principal of the sums borrowed by our government to make the loans, part of which foreign countries are paying back to us. In short, this part of the war is costing us over $200,000,000 a year.

The general economic situation, the President says, is good; but coal, lumber, leather, and textile industries still lag. The stock market crash was due to uncontrolled speculation in securities resulting from over-optimism as to business profits which led to diversion of capital from business to the stock market. Its effects have been to reduce consumption of luxuries and semi-necessities, cause some temporary unemployment, and depress prices of agricultural products. Action of the Federal Reserve system and the strong position of the banks has carried the credit structure unimpaired through the crisis. Capital absorbed in stock market loans is returning to business.

The collapse created unwarranted pessimism and fear and caused business hesitation which, if unchecked, could intensify itself into a depression. The systematic, voluntary measures of cooperation with business institutions and state and municipal authorities have reestablished confidence, maintained wages, and prevented a large degree of unemployment which otherwise would have occurred. These measures must be vigorously pursued until normal conditions are restored.

The Farmer Can Buy More

Agricultural income for the present crop year will be $12,650,000,000, about $150,000,000 more than last year and half a billion larger than in 1926-27. Farmers' buying power has been increased by the decline in general commodity prices. Farm bankruptcies have materially decreased, the decline in land values seems to be stopped, and the rate of movement from farms to cities reduced. The Farm Board has steadied the farmers' market during the crisis and stimulated cooperative organization.

Congress is asked to hasten revision of the tariff along lines laid down by the President in calling the special session. These involve raising agricultural rates generally and industrial rates where there has been "a substantial slackening of activity and decrease of employment due to insurmountable competition during the past few years." Such limited revision requires retention of the flexible tariff in order to make future specific changes as promptly as needed.

Increased appropriations for development of inland waterways and flood control are asked, but no immediate increase of Federal aid in construction of highways is requested.

Congress is asked to legislate to simplify and expedite railroad consolidation methods and better protect public interest in consolidation plans.

More American Ships

A program of development of the Merchant Marine is proposed. The question whether mail contracts should be given to purchasers of Shipping Board vessels irrespective of whether they are the lowest bidders should be clarified by Congress.

No position is taken on revision of banking laws to meet the problem of group, chain or branch banking, but it is suggested a commission of members of Congress and Federal officials be created to study the problem.

Creation of a full-time commission to replace the existing Federal Power Commission, now composed of three Cabinet members, is recommended. Since 90% of all power generation distribution is within the states, and most states have regulatory systems, Federal regulation would be an encroachment upon "states rights." To deal with questions of interstate character the President suggests that a method be devised by which initial action may be taken between the state commissions "whose joint action should be made effective by the Federal Power Commission with a reserve to act on its own motion in case of disagreement or non-action by the states."

Cotton Growers Have Their Fingers Crossed

COOPERATIVE marketing is not so well organized in cotton as in wheat. Farm Board aid has, therefore, been less effective. Cotton growers generally have marketed their cotton fast, regardless of the Board's program, and a larger part of the crop is in the hands of speculative interests. The price is far below last year's, though still above the Board's lending or "guarantee" price. Farmers lack confidence in the Board's ability to hold up prices, realizing that buyers know fairly accurately how much cotton is available and where it is, and will not be stampeded into paying more for it than they think it is worth. The unwillingness of the Staple Cotton Cooperative Association to pledge both its cotton and its personal credit as security for a Farm Board loan on the basis of 16 cents a pound reflects its skepticism.

The apparent failure of the Board to do much in holding up the price of cotton despite all its efforts has incited the Senate, as usual, to look for a scapegoat and to find it, as usual, in the speculative interests in the cotton market. So the cotton exchanges are again being investigated.

The exchanges say the trouble is that there has been too little speculation instead of too much. Cotton has come to market so fast and consuming demand has been so slow that the speculative interests, or the cotton merchants, have had to carry the burden and protect themselves by hedging their purchases with such future contracts as speculators were willing to absorb—which have not been very abundant. By bringing the fourteen cotton cooperatives together in a national cotton selling agency, the Farm Board hopes to improve the situation, but this effort is not likely to help much this season.

The Farm Board Hews to the Line

THE stock market collapse and subsequent business uncertainty have, in many ways, been a fortunate thing for the Federal Farm Board. They have apparently strengthened the board's position, averted opposition and criticism, enabled it to move faster and farther in the direction which its legislative sponsors intended. In some of the staple crops such as wheat and cotton the agricultural situation has been delicate and critical, and still is. This has undoubtedly put the powers and functions of the Farm Board to a test which it might not have had for many years; and, on the whole, farmers feel that it has so far met this test with considerable success. Disastrous declines in prices have been prevented and they have a better prospect of fair agricultural income than might otherwise have been the case.

The retiring temporary counsel of the board, George E. Farrand, in a remarkable analysis of the position of the board and its powers, makes the general statement that, so far as legal limits are concerned, the board has ample powers to do almost anything or everything to aid agricultural prosperity. In particular, it is his opinion that there are no limits upon the extent to which the board can use government money to buy and hold farm products off the market and increase farm prices, acting through the stabilization corporations which it can organize out of farm cooperatives.

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With the Limit Off

THE board is apparently proceeding on this assumption as it finds the situation warrants. Following the successful organization of the National Grain Marketing Corporation, a national wool marketing association has been formed to finance wool growers through existing cooperative associations and to handle completely the marketing of wool and mohair in this country through a national pool. This week steps are to be taken to bring the fourteen existing cotton cooperatives into a national cotton selling agency. The task here is likely to be more difficult because a relatively small part of the cotton crop is now handled by these cooperatives; but the loan policy of the Farm Board is tending to stimulate farmers to join the cotton cooperatives.

These organization movements are perhaps less important at the present time than is the money which the Farm Board is pouring into the hands of existing cooperative bodies to enable them to help farmers hold wheat and cotton for better prices. According to T. C. Croll of the Farmers Union Terminal Association of St. Paul, as much as $100,000 a day is now being advanced to farmers of the Northwest under the Farm Board's wheat loan program. He estimates that Northwest farms and country grain elevators have sufficient grain to permit advances of $50,000,000.

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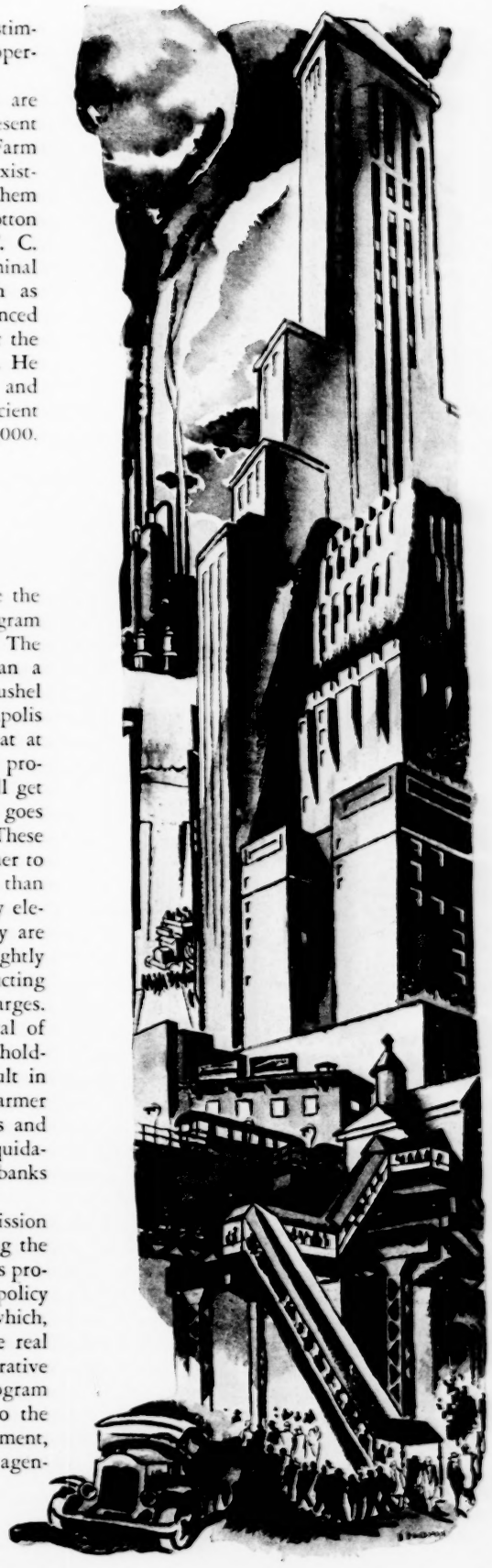
Buying Power Revival

APPLICATIONS for loans since the wheat price stabilization program was announced run into millions. The farmers take the program to mean a practical guarantee of $1.25 a bushel for No. 1 Northern wheat at Minneapolis and $1.12 for No. 1 Durum wheat at Duluth and are cashing in on that program. If the price goes up they will get the benefit of any increase; if it goes down they have nothing to lose. These loans make it possible for the farmer to obtain a higher price for his grain than the prevailing cash price at country elevator points. On the average, they are able to obtain cash advances of slightly above $1.00 a bushel after deducting the transportation and handling charges. All this is bringing about a revival of buying power in a territory where holding of wheat would normally result in stagnant business conditions. The farmer is able to liquidate his bank loans and pay off his store or other debts. Liquidation of frozen assets in the country banks is being speeded up.

The Minneapolis Grain Commission Merchants Association, representing the entire grain trade of Minneapolis, is protesting that the Farm Board's policy leaves no place for the grain trade which, it says, has for 25 years been the real supporter and advisor of the cooperative movement. It charges that the program is one of price fixing, contrary to the declared policy of the government, threatening to destroy all existing agen-



cies and marketing organizations and bound, in their opinion, to result in disaster. It is also asserted in the milling centers of the Northwest that when wheat prices were strongly depressed by the stock market crash cooperatives could and did buy cash wheat in the open market at a lower price than that at which the Federal Farm Board was willing to loan money on it.

More serious difficulties in the board's program are involved in the question of whether wheat prices can be maintained at the levels at which the Farm Board is loaning money. The world wheat situation is still uncertain. Foreign buying of American and Canadian wheat is still very slow and the congestion at export points is still serious. However, there is a general impression that European purchasers will soon have to come into the American market for wheat because their own reserves are fast being reduced, and the shortage in the Argentine crop has become quite definite. If Canadian and American farmers can hold out somewhat longer, they may find wheat prices gradually improving and the Farm Board's program may prove to be justified in the end. But next year may bring difficulties in the liquidation of some of the loans made during the present season.

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No More Subsidies; No More Ships

THE United States Lines don't like Postmaster-General Brown's new proposals—noted in the last issue of THE BUSINESS WEEK—for untangling the knotty snarls that have developed in our shipping policies and for building more and better merchant marine.

Ship-operating companies, like the United States Lines, that have bought or are willing to buy Shipping Board vessels, have expected—in some cases, demanded—mail subsidies. Otherwise, they say, it would not pay to operate the boats.

The Merchant Marine Act says that mail contracts shall be given to the lowest bidder. These companies have not been the lowest bidders, and some of them have wanted to give the Shipping Board back its old ships. The Shipping Board intends to sell its ships and to keep sold those it has already sold. So it passed the problem on to the Inter-departmental Committee that has been set up to deal with such difficulties between the Board and the Post-office Department; and the Committee said some time ago that the only thing to do was to ask Congress to clarify the law.

But since Congress didn't seem likely to clarify anything for some time, the Committee thought it over again and hit upon something ingenious and timely, now that the country is going in for building things. It said the Board would select thirteen shipping routes over which ships of certain speed and other qualifications would be necessary for the proper development of America's foreign trade. The Post-office would pay increased subsidies to carry mail on these routes, but it must be carried by ships complying with these superior qualifications. The mail contracts would still have to be given to the lowest bidder, but such bidders must have or build the ships required. If built, the Shipping Board would make loans up to three-fourths of the cost of construction.

The United States Lines, after taking many of the Shipping Board's vessels off its hands, had planned to build two new boats as large as the *Leviathan*, on the assumption that mail contracts would be forthcoming. Now they object to building $150,000,000 worth of vessels in the next eight years in return for mail contracts which would be only $500,000 more than the $2,500,000 per year they are now getting. They say that in view of the danger of a rate war and of lessened traffic in the Atlantic, they feel that they could not assume an additional interest burden of more than $10,000,000 annually in return for an increase of only $500,000 a year in mail revenue. In short, they say: More subsidy or no ships. The United States Lines have accordingly suspended their building plans entirely.

All this shows again that our merchant marine is still unwilling or unable to paddle its own canoe. There is such a surplus of ordinary shipping and competition is so severe that, in the absence of the requisite skill and aggressive energy, American shipping is unable to carry on without subsidies. Yet, the subsidies granted have only fed the appetite for more, and have yielded little or nothing by way of improved facilities. The Postmaster's plan, though it would doubtless sharpen international competition, had at least the merit of trying to utilize the subsidy idea to compel the improvement of the quality and service of our merchant marine. That is the only chance of permanent success American shipping has, and the only excuse for the subsidy plan. We do not need more ships, but better ones.

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Again: Who Won The War?

A FEW figures recently released by the British Board of Trade have been passed over with little notice, yet they have behind them an international drama of great significance.

These figures show that in the first six months of this year, for the first time in history, German exports, ($1,870,000,000), exceeded those of Great Britain ($1,790,000,000).

This means that England has fallen to third place among the exporting countries of the world. Until the Great War, Britain was the greatest exporting nation in the world, but in 1914 the United States passed her and took first place. Now, fifteen years later, Germany ousts her from second place and puts her third in the list.

The Board of Trade's figures show, too, that, whereas Britain now imports more than one-half as much manufactured goods as she exports, Germany exports more than four times the value of the manufactured products which she imports.

Since the goods which Germany has to export to pay reparations enter into her foreign trade figures, it is probable that the reparations plan itself may be blamed in large part for the rise of Germany to second place among exporting nations. The payment of reparations has undoubtedly resulted in an artificial forcing of German export trade. Nevertheless, the industrial development of Germany, even before the war, was so rapid and her drive for foreign markets so vigorous that, even then, she was threatening the position of Great Britain in the foreign trade field. This steady encroachment upon Great Britain's foreign trade had a great deal to do with the international rivalry and ill feeling which led to the conflict. Apparently the war did not permanently alter the situation but, instead, served to strengthen Germany and to weaken England.

THE PAPERHANGERS ARE BACK

Exporting ► New Service Simplifies International Trade

ORGANIZATION of Bush Service, Inc., designed to form a direct connecting link between American manufacturers and foreign markets, and between foreign manufacturers and American markets, has been announced by Irving T. Bush, head of Bush Terminal Company. The new concern will be closely affiliated with Lassen & Company, of Zurich, and will undertake the intricate task of guiding goods from American factories to destinations anywhere in Europe or Asia Minor, excepting Russia. Shipments will be financed in transit, received and stored by the 54 foreign forwarding agencies owned by Lassen & Company, handled at all points by Lassen and Bush representatives with full knowledge of customs, internal taxes, special laws, insurance rules and local procedure. Bills will be collected from distant purchasers. Identical attention will be given to shipments from Europe and Asia Minor to the United States. Shippers on both sides of the Atlantic will be supplied with adequate and reliable information regarding foreign markets.

One of the principal features of the new service will be the issuance of a new international document to be known as a "continuous document of possession." The owner of the goods may use it as collateral or discount it. It will cover goods in transit or in storage in any of the cities wherein Lassen or Bush agents are located. Importers and exporters always have large sums tied up in goods in transit, and even when shipments are handled on the basis of cash, traders have to wait until the bills of lading can be delivered in the importing country. The new Bush plan should release these frozen funds from the moment the papers are drawn and the goods put on a railroad car for shipment to a Bush handling point.

In every way the plan should make possible better service by American shippers to their foreign clients. It is probable that it will work out to the greater advantage of the small shipper, but it was not conceived primarily for his benefit, and the large shipper is not barred. Both Bush and Lassen emphasize the fact that they are prepared to handle shipments of any size and quantity. Incidentally, while they will render a service to selling, they will do no selling themselves. That is still up to the exporter.

In conception and execution the new service is entirely American, since Bush Terminal and all its subsidiaries are owned in the United States, and Lassen & Company is controlled by Victor E. Freeman, an American who has been in business in Europe since the close of the World War. Negotiations for an affiliation of Bush and Lassen were begun three years ago when Mr. Bush met Mr. Freeman in Paris, and the consummation of the deal brings together the two largest houses of their sort in the world. Lassen & Company, with its 54 forwarding units, operates some 300 offices and in addition has 930 agents, with 86,000 customers and shipments totalling about $500,000,000 annually. The Bush enterprises are vast, with two hundred acres of factories, warehouses, docks and terminals in Brooklyn, the $5,000,000 Bush House in London, property in New York.

Finance ► Banks May Insure Borrowers

GROUP insurance, newest class of protection, is to be available to banks anxious to cover losses due to death of borrowers. Requests by several financial institutions for such a plan brought its development by the Metropolitan Life Insurance Company.

Group insurance has had a rapid growth in industry since its inception a few years ago. It covers millions of dollars in protection to employees of large plants throughout the country. Now the banks are to insure, under the group plan, those to whom they make personal loans. The death of the individual will not then endanger or delay collection of the loan. No insurance, of course, accrues to the individual. A flat rate of $1 per month per thousand dollars loaned has been fixed as a tentative rate.

Personal, unsecured loans will be covered. The usual precautions which the banks observe in extending credit will be regarded as sufficient security.

Working out of the plan should bring advantages both to the public and to the banks. Prospective borrowers need worry no longer about the effect of a loan on their estates and the future welfare of their families; more business will come to the banks. Loaning power of the banks may be increased somewhat by removal of the danger that such loans will become slow or uncollectible in the case of death.

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BOLIVIA GOLD EXPLORATION COMPANY, with home offices in Los Angeles, will use airplanes to transport supplies to, and gold-bearing ore from, the company's mining center in western Bolivia.

International Newsreel Photo

ASBESTOS KING

H. Edward Manville, of the Johns-Manville Corporation, sails with Mrs. Manville on year's yachting trip. They will voyage through Southern waters after visiting their daughter, Countess Folke Bernadotte, in Sweden

Production ► **Keep an Eye On Louisiana**

MANUFACTURERS of chemical products have an eye on Louisiana. Industrial developments there promise to make the state an important factor in the chemical field, they believe.

Reasons: Availability of natural gas, petroleum, sulphur. Cotton, wood, naval stores, and other agricultural and forest products can be grown there at lowest cost. Louisiana is now a strategic point for the meeting of imported and domestic raw materials, for the processing of both, for the export of manufactured goods and chemical products. The cotton-growing center of the country is now at or west of the Mississippi and the greatest prospective fertilizer market will lie in Louisiana or nearby states. The wood products industry, including paper and pulp, is going to create other equally important chemical markets in this territory.

International Newsreel Photo

OPTIMISTIC INDUSTRIALISTS

Pierre du Pont and Alfred P. Sloan, Jr., of General Motors and other corporations, arrive at the White House for another of President Hoover's business conferences. They expressed confidence in business outlook

International Newsreel Photo

TRADE EXPERT

Mrs. Lucy Goldsmith Shore returns to her home in the United States after two and a half months in Spain, where as special trade adviser by appointment of Premier Primo de Rivera, she devised plans for developing Spanish-American trade

Labor ► **What Russia Found On 7-Hour Day**

THE Soviets report the same early results from their new 7-hour day that American employers obtained upon the institution of an 8-hour day—increased production at lower cost. With nearly 600,000 Russian workers now on the 7-hour schedule, 450,000 having been added this year, the following data are submitted:

Metals—Number of workers increased 9.2%; output per man-day up 12.7%; average wages advanced 5.3%. Ratio of total wages to production declined.

Chemical—Number of workers increased 16.3%; productivity of labor up 20.7%; wages advanced 9.9%. Ratio of wages to value of production declined from 13.4% to 11.5%.

Tobacco—Number of workers dropped 9.2%; productivity of labor increased 40.5%; average wages 9.2% up.

Cotton—Four plants reported that the 7-hour day had increased number of workers 8%, average wages 7%, productivity of labor 11.2%.

Credit ► **Best Risks Are Often Slowest To Pay Bills**

MORE than 99% of the charge account customers of American retail stores are honest, but they take an average of seventy days to pay their bills, forty days too long. So says the National Retail Credit Association, which hopes to correct the situation within two and a half years by the expenditure of $7,000,000 in an educational campaign to be carried on through newspaper and magazine advertising. The association estimates that if the time can be reduced to thirty days merchants will save $100,000,000 a year in interest, and that the consumer will benefit by lower prices.

David J. Woodlock, manager of the Credit Association, told THE BUSINESS WEEK that there is constantly outstanding in this country about $15,000,000,000 in open book credit to retail customers. Most customers are able to pay, but put it off. Mr. Woodlock believes that instalment buying, not included in the above figures, is partly responsible, for the customer having run up a large bill, feels he is doing all that should be expected if he pays it off within several months. In other words, he asks open book credit but pays on the instalment plan. Wealthy people who "pay when ready" present a particular problem, says Mr. Woodlock.

Production ► **Speed Up Russian Mines**

THE Council of People's Commissars of the U. S. S. R. plans increased production of non-ferrous metals. If its program goes through on schedule, copper production by 1933 will be 150,000 tons annually, instead of 32,000 tons as in 1928. The zinc output of 4000 tons yearly, will be increased 40 times; that of lead, 2000 tons a year, 60 times. An American metallurgical engineer, A. E. Wheeler, will be in charge of expansion, will construct new smelters in Siberia and the Far East as well as in the Kazak, Uzbek, and Transcaucasian republics.

Aviation ► **Use the Air Mail "When Necessary"**

SOME of the air may be let out of air mail propaganda as a result of Post Office investigation of the annual deficit incurred by this branch of its service —variously estimated at $3,000,000, $5,000,000 and $10,000,000. The Postmaster General has found that 85% of the matter carried by air mail—at a loss to the Government—does not demand airplane speed in delivery. He has before him one striking example: two tons of lithograph material shipped over the air route between Buffalo and Los Angeles at a cost of $6,000 in postage, at an actual cost to the Government of $27,000—$21,000 to pay for the surplus enthusiasm on which he is now counseling booster organizations and advertising managers to throttle down.

Cuts in the deficit may be made by: adding "only when necessary" to the slogan, "Use the air mail"; putting air postal rates on a sliding scale that varies the charge inversely to the volume of mail; rationalizing air mail routes; detaching military flyers for mail plane service.

International Newsreel Photo

NEW FINANCIAL WATCHDOG
Walter E. Hope sworn in as Assistant Secretary of the Treasury. He succeeds Henry Herrick Bond, who returns to private law practice

Movies ► **New Anti-Trust Drive Is Launched On Old Front**

ATTORNEY GENERAL MITCHELL'S first slap is at the movies. The suits brought by the Department of Justice involving acquisition by Fox of control of Loew's, Inc., and by Warner Brothers of control of the Stanley Company and First National Pictures are the first brand-new anti-trust actions instituted since the Hoover administration became the prosecuting attorney. Alleging that such acquisitions have eliminated competition, the government invokes the Clayton Act in asking the U. S. District Court at New York to order divestment of this control.

The motion picture industry has been the target of government anti-trust activity for two years. Of the 33 cases pending on the anti-trust docket inherited by the new administration last March, 6 are directed against alleged restraints of trade in the distribution of motion picture films. Metro-Goldwyn-Mayer Distributing Corp., Paramount Famous-Lasky Corp., First National Pictures, Inc., West Coast Theatres, Inc., and Balaban & Katz are titular defendants. Others are included as "et al."

The government objects to limiting, through clearance and zoning schedules, exclusive contracts and block booking, the exhibition of first-class pictures by independent exhibitors. This is the issue in actions against West Coast Theatres in southern California territory and Balaban & Katz in Chicago territory. In a suit against Metro-Goldwyn-Mayer, 11 other corporate distributors, a dozen individual exchange managers, and the Motion Picture Exhibitors Association of Chicago, the government charges conspiracy to refuse to release films to any and all theatres in Chicago during a labor dispute between the exhibitors' association and the Motion Picture Operators Union in August and September, 1927.

In the First National case the court ruled that there was nothing oppressive in the exercise of the defendants' collective power to arrest fraudulent and irregular trade practices by demanding reasonable security for the performance of new contracts from those who refused to assume the contracts of predecessors. The M-G-M case presents an entirely different situation, according to Judge Thacher.

"The distinction lies," the court said, "in the inherent nature of the restraints imposed. The restraint, if not shown to have been voluntary on both sides, is oppressive, and therefore undue and unreasonable. . . . Nothing that has been said," he concluded, "should be taken in derogation of the right of trade or commercial groups, or of traders gen-

P. & A. Photo

STRAIGHT AND NARROW
That, at last, is the condition of the Chicago River, long undergoing straightening and unkinking process. A steam shovel removes the last barrier between the old and new channels

erally, to voluntarily impose upon themselves standard forms of agreement which do not unduly restrict competition and thus restrain trade, or to agree that all controversies arising between them shall be settled by arbitration. Such agreements dealing only with the rights of those who execute and intend to be bound by them are normal and usual, and are proper instruments in the lawful conduct of trade. It is only when such agreements are sought to be imposed upon others, regardless of their wishes, by coercive combinations having the power to say 'Take what is offered or get nothing,' that they become illegal."

Utilities ►

This Money Talks Optimism

FOLLOWING the business conferences with President Hoover, utility executives have outlined plans entailing an expenditure of approximately $1,400,000,000, an increase of $110,000,000 over this year.

The electric light and power utilities alone plan to spend $865,000,000 during 1930, an increase of $65,000,000 over the past year, exclusive of maintenance expenditures. Electric Bond & Share and associated companies will spend approximately $241,000,000 for new construction material and supplies; American Power & Light group, $45,000,000; Electric Power & Light, $38,300,000; the National Power & Light group, $41,900,000; Utilities Power & Light, $60,000,000 on plant line and extensions.

Three other large systems plan expenditures in excess of $200,000,000. Commonwealth and Southern is to spend between $75,000,000 and $80,000,000; Standard Gas & Electric, more than $63,600,000; Consolidated Gas of New York, between $90,000,000 and $100,000,000, most of it in new construction; Pacific Gas & Electric, $35,000,000 on construction of new gas and electric projects and normal extensions and improvements.

To complete the picture, manufacturers in the natural gas industry plan to spend a total of $425,000,000 for construction alone, an increase of approximately 6% over 1929, while an additional $50,000,000 will go to maintain existing service facilities. Cities Service alone is to expend over $150,000,000 during 1930, $60,000,000 of which will be to increase natural gas facilities, and

International Newsreel Photo

OIL PRINCE

John D. Rockefeller, 3rd, just out of Princeton, goes to work in his father's office at "much less than $5,000 a year."

$90,000,000 on oil, steamship, transportation, and pipe lines. The electric railways of the country expect to exceed the $1,000,000 spent in 1929 for maintenance, betterments, and extensions.

International Newsreel Photo

RADIO RECORDS

As James G. Harbord, president R. C. A., watches, they are broken by flood of trans-Atlantic messages diverted from cables broken by recent earthquake

Mining ►

Britain Faces Crisis Helpless

European Bureau, The Business Week

THE most difficult of Great Britain's economic problems—the mining situation—appears no nearer solution than at any time during the past decade, although December 31, the day when wage agreements expire in many districts, draws inexorably nearer. As ever, the factors involved are not only economic and industrial, but political as well and a false step may well bring the career of the present administration to an untimely end.

The first factor is the government's pledge to the miners—who, with their wives, represent some 2,000,000 votes—to restore the 7-hour working day. This is generally accepted as an impracticable step, and the best the government can hope for is a compromise on a 7½-hour day. But this will endanger employment in many areas, so that legislation in respect of hours must be accompanied by other changes. There the government will be hampered by the refusal of the Coal Owners Association to confer with the miners and the authorities, and by the refusal of a large section of the miners to align themselves with the Miners Federation.

The government is thus on the horns of a very nasty dilemma, and no one, at present, can see any escape.

Automotive ►

Foreign Labor—There's the Rub

WHEN 1930 ends, Henry Ford will have built about 30,000 farm and industrial tractors in his plant at Cork, Ireland; but his 1929 importations have been chiefly repair parts and replacements for old model machines. During 1930, between 80,000 and 90,000 tractors are to be built in Cork; 20,000 of them to be sold in the United States. Reports are that Ford will establish tractor assembly plants on the Atlantic seaboard and ship only parts from Ireland.

Ford's Irish venture proves again that low wages do not always mean low manufacturing costs. His Irish tractors embody improvements in power, speed and fuel economy, but American prices are expected to be about $825 for farm tractors and $1,125 for industrial tractors, all F. O. B. Cork.

Construction ► Builders See Billions In Remodeling America

WITH many cities three, five or more years overbuilt in office buildings, apartments and apartment hotels, selectivity is needed in the Hoover program of building expansion.

Evidently the President recognizes this. He has been urging, for the most part, public works and roads, railroad, utility and industrial building projects. But residential work, particularly modernizing existing structures, is yet to be done.

Modernizing this year brought upwards of $500,000,000 to building industries. But the total of modernizing work still to be done is $24,000,000,000, equal to a 20-year new house building program. Building industries are lining up behind Hoover to get $2,000,000,000 of this done next year.

The 20,000,000 one- and two-family residences in the United States average over 13 years of age. Of these, 12,000,000 need modernizing. The average modernizing job runs $2,000.

Kitchens, staircases, cellars, roofs, plastering need repairs and improvements. Added rooms in cellar or attic, added porches and sun-porches, could be used to advantage. New exteriors for old houses often add more to the sales value than they cost.

Twelve million people living in cities of 10,000 or more have no bathrooms. Over a million homes within central station areas are not wired for electricity. Of the millions that are wired, three out of every four are already obsolete.

Forty-seven associations in the construction field are banded together sponsoring an association of associations—the Home Modernizing Bureau, of the National Building Industries, Inc., Chicago. It was organized in April, 1928 with Walter J. Kohler, now governor of Wisconsin, as first president.

Big building projects tend to increase prosperity most in the particular spots where the big sums of money are spent. But a large program of home modernizing, made up of thousands upon thousands of little projects, helps spread prosperity evenly throughout the land.

BUILDERS OF PROSPERITY

Leaders of American construction industry meet to tell President Hoover that money spent for needed industrial building will spread prosperity over wide area. Left to right: F. W. Reimers, Southern Pine Association; D. T. Riffle, National Building Trades Employers Association; Samuel Eckles, National Lumber Manufacturers Association; F. J. Reimer, American Roadbuilders Association; C. M. Upham, American Roadbuilders Association; A. Treischman, Home Modernizing Bureau; A. M. Lewin, Retail Lumber Dealers Association; Sam Hotchkiss, National Association of Builders Exchanges; James J. Davis, Secretary of Labor; Wilson Compton, National Lumber Manufacturers Association; A. W. Berresford, American Engineering Council; E. L. Carpenter, National Lumber Manufacturers Association; T. T. Flagler, Association of General Contractors; D. A. Garber, W. M. Wood, Frank H. Smith, E. F. Stokes

Construction ► To Extend Loan Facilities

BUILDING and loan associations are helping—and are being helped—to make next year an easier one for the would-be home-owner. New York state has come to the aid of the home-owner by purchasing $1,000,000 of bonds of the Land Bank of the State of New York. This institution, the only one of its kind in the country, loans the proceeds of its bond sales to building and loan associations, taking their mortgages as security. It thus becomes a discount bank for the associations on a long term basis. The associations purchase $5,000 of stock in the Land Bank for each $100,000 they borrow, and additional funds are thus provided. There are in all about 325 associations in the state, 600,000 members, $300,000,000 resources.

In New Jersey building and loan officials propose a reserve bank for the building and loan associations. Only short term loans would be made.

the idea being to insure the liquidity of the associations. A pool of $35,000,000 is planned, from which the associations could borrow for short terms.

New Yorkers are interested in the New Jersey plan, and conferences have been held recently concerning the possibility of creating such a reserve institution in connection with the Land Bank. Voluntary organization may take place, or measures to that end may be introduced into the next session of the legislature at Albany.

Other states are discussing similar plans. Some consideration also is being given to the possibility of a national institution for building and loan associations.

Distribution ► **Manufacturers Aid Wholesalers**

MANY industries have recognized the wastes of tied-up inventories. Goods in warehouses are dollars on shelves. Hence, hand-to-mouth buying by retailers. Hence, again, unfortunately, hand-to-mouth buying by wholesalers—which has thrown back on to manufacturers the job of maintaining warehoused stocks. Retail hand-to-mouth buying, which is sound retailing, depends on a prompt supply service.

Food manufacturers are buttressing the wholesalers by maintaining distributed stocks from which prompt shipments can be made. Now they are going further, are setting up centralized warehouses from which wholesalers can draw to make the prompt deliveries their clients demand.

It has been erroneously stated in food circles that these warehouses are being set up to sell direct and eliminate the wholesaler. THE BUSINESS WEEK can state with authority that there is no intention to do that. The endeavor is quite the opposite, for in some trades where wholesalers have failed to make prompt deliveries retailers have found it advantageous and sometimes quicker to buy direct. The new centralized warehouses will enable the wholesalers to secure goods promptly from the manufacturers' stocks and make prompt deliveries.

Wholesalers' delivery costs will be lowered, because they will be able to secure these stocks from one central point instead of from many scattered warehouses as they do now.

International Newsreel Photo

ON NATIONAL BUSINESS

Sir Ronald Lindsey, successor to Sir Esme Howard as British envoy to the United States, will speak for British trade as well as for Britain's kings

Automotive ► **Maybe the Bears Are Buying**

THE Silver Anniversary Automobile Salon held in New York last week offered proof that these troublous times are not as bad as they have been painted. When throngs of persons assemble to inspect, to compare and, finally, to buy automobiles selling from $5,000 to $22,500 conditions cannot be so bad.

Over 100 cars were on display at the Hotel Commodore. They included chassis by the high quality American manufacturers as well as a number of Europeans such as Minerva, Isotta-Fraschini, Lancia, Mercedes. Coachwork was offered by all the important domestic body builders and by the Europeans Castagna, Hibbard & Darwin.

Great interest was shown in the Cord and Ruxton cars, new front wheel drive automobiles which had their first public showing at the Salons. Stutz cars equipped with superchargers also aroused interest. Major attention was given to coachwork, however, as this is what Salons are noted for.

Production ► **Seek Sales Remedy For Production Trouble**

THIS year has not been a good one for the cement industry and little improvement is expected before 1931. The principal trouble is over-capacity rather than over-production. In 1927, capacity was 227,000,000 barrels, but production was only 173,000,000. In 1928, capacity had increased to 243,000,000 barrels, but production had not kept pace. It was only 176,000,000. That year the industry operated at an average of 72.4% of capacity. For the first nine months of this year the percentage was only 67.5%.

However, the picture is not altogether as black as the statistician paints it. For one thing, some degree of over-capacity —though not 32.5%—is normal to this industry as to others in this era of production flexibility. For another, the cement industry, like some others, has begun to attack its problem by organized sales promotion methods. For example, the Portland Cement Association has been successfully interested in the promotion of "rural uses" of cement which, last year, accounted for 27,000,000 barrels. New outlets are constantly being sought. Airports are among the most promising of these, as concrete landing ways are specified in many new projects. Hangar floors, taxi ways, warming platforms all mean the increasing use of more cement.

Paving provides the biggest single outlet for cement. Last year, one-third of all the cement used in America was for that purpose. Structural concrete called for some 44,000,000 barrels or 25% of production. Rural uses came third.

The situation throughout the industry is reflected by the nervousness of many member companies of the Association. Several, mainly small high-cost producers, have resigned from the organization within the past year or so. They complain that the big companies are not willing to maintain price levels profitable to all producers, or to refrain from shipping cement into areas where small producers are home industries.

Steel ► Industry Moving West; Chicago Now Capital

STEEL is moving westward. In the early days of the industry, steel mills were concentrated around Pittsburgh and in the Mahoning Valley, chiefly because those points were more accessible to sources of raw materials. Nearness of markets was a secondary consideration. But today it is a more important factor, and steel is displaying a tendency to follow the markets. Pittsburgh still retains its advantage so far as coal and other raw materials are concerned, but Chicago is in a more advantageous position with regard to ore, since no rail haul from ship to furnace is necessary. Increased demands of the Chicago market area, however, have been the principal cause of a relatively greater growth than in the Pittsburgh district.

The Chicago steel area, according to E. J. Buffington, president of the Illinois Steel Company, has been producing about 9,000,000 tons a year, slightly less than the Pittsburgh mills. But, in October, Illinois Steel, a subsidiary of United States Steel, announced an extension of 2,500,000 tons in capacity. This will increase the district capacity some 25% exclusive of the usual expansion by independents. Pittsburgh will be relegated to second place, and the Mahoning Valley will continue to be third.

Developments in the Far West, particularly the rapid growth of markets, indicate that, in the not distant future, that area will see a tremendous increase in steel mills. Columbia Steel, recently purchased by United States Steel, is probably the most important factor in that area now, and is likely to become even more important. Columbia's principal plant is at Pittsburg, Calif., with a smaller one at Portland, Ore. Total output approaches 250,000 tons. But steel markets in the West are undergoing tremendous development. Oakland, ambitious to be the Detroit of the Pacific Coast, is only 30 miles or so from Pittsburg, Calif., with water transportation possible the year round.

Half of the steel produced last year was used by three industries, automobiles, building and railroads. The race among these three is close. In 1926, railroads were first; in 1927, building; last year, automobiles. Steel men are unable to tell, as yet, whether railroads or automobiles will lead this year. During the first three-quarters of the year buying from both sources was heavy; during the last quarter automobile buying has slackened, while railroad buying continues heavy. Selling steel to railroads is largely a matter of reciprocity, for the roads in general patronize the mills that give them the most freight tonnage. Chicago, leading rail center, has several times as many railroads as Pittsburgh and so has a distinct advantage when it comes to reciprocal dealings.

Sales of construction steel are influenced by freight rates and ability to get deliveries. Since 1921, by using the river, Pittsburgh has forged ahead in this branch, but when the Lakes-to-the-Gulf waterway goes through, Chicago can again compete with advantage. As for automobile steel, each of the three main producing areas has its own peculiar advantages, with Detroit showing a disposition to come to the fore as a producer of steel for motor cars.

Chicago is similarly well located to compete with other areas for the business of the oil and gas industry. The best customer of the steel industry is the A. O. Smith Corporation of Milwaukee, which puts the bulk of its purchases into pipe for the oil and gas companies. As for exports, machinery, and other uses, Pittsburgh has no advantages that are not offset by corresponding advantages in Chicago.

Distribution ► "Wrap It, Please" Costs Millions

ECONOMIES of $9,000,000 a year for department stores of the United States can be effected by reducing packing and wrapping costs, according to a survey being made by the National Retail Dry Goods Association. Secretary Lamont adds that the facts to be revealed from the survey will be correlated with other distribution findings now conducted by the Department of Commerce. Here is a step in the elimination of the estimated $8,000,000,000 distribution wastes. Previous studies made by individual stores have resulted in savings ranging from $6,700 to $11,000 in one year by merely changing the specifications of a bag. Reducing the number of sizes of boxes, bags, and wrapping paper have brought about savings of 10% or thereabouts in various stores.

There are 6,000 department stores in the United States (doing an annual volume of about $6,500,000,000) which distribute annually 3,000,000,000 packages. All of these stores will be directly or indirectly affected by a study which covers methods of folding, packing, and wrapping merchandise for delivery to

International Photo

CHICAGO'S HIGHEST?
The new Board of Trade Building, now under construction, will dominate the financial district of the Windy City. It will be the home of the world's greatest grain market

International Newsreel Photo

HOW MUCH NOISE ANNOYS A CITY?

These men—Dr. Harry Fletcher, Dr. R. H. Galt, H. Kuhl and Arthur Meyers—hope to find out. With this new equipment they will cruise through New York streets testing and measuring noises of the metropolis

the customer. The study is to consider (1) specifications for supplies and (2) methods of using such supplies.

R. H. Macy was the first store to be studied and three Boston stores are the next on the program. Other investigations are to be made in Washington, Dallas, Pittsburgh, Milwaukee, Portland, Ore., San Francisco, Atlanta, St. Paul, Chicago, St. Louis, Los Angeles, and Detroit. Three stores in each city are to be studied, thus giving a cross-section of the conditions throughout the country.

Retailing ► **Chain Drug Stores Are City-bred**

CHAIN drug stores are common enough in the big cities, but in the smaller towns they do not appear to have made as much headway, at least in point of numbers, as chain groceries and department stores. According to the Fact Book of Topics Publishing Company, some 58,000 of the 62,000 drug stores in the United States are independents. There are also some 10,000 Rexall stores affiliated with Liggett and about 18,000 stores affiliated with McKesson-Robbins Company, but these should probably be classed as cooperatives rather than as chains. The total annual drug store business in the United States approximates $2,000,000,000 of which the chains do 18%. These figures are exclusive of the business done by the 583 department stores which have drug departments.

The Fact Book reports the average relative importance of the different parts of typical drug stores as: proprietaries, 28%; prescriptions, 14%; toilet goods, 15%; sundries and miscellaneous, 18%; soda fountain and candy, 20%; tobacco products, 5%. The restless nature of the drug store situation is shown by the fact that in 1927, 2,661 stores went out of business, 5,497 changed ownership, and 3,444 new ones opened their doors for business.

Mining ► **Miners Have Place In the Sun**

THE mining industry is watching with interest experiments of one American mining company in applying ultra-violet rays to miners as compensation for lack of sunshine. A solarium is maintained equipped with six quartz lamps arranged to throw rays on a traveling platform on which the men recline. The rate of travel is such that the entire body gets one minute's exposure. Each miner uses the solarium three times a week, and 300 men can be treated each hour.

Utilities ► **Public Ownership Is Losing Ground**

MORE municipal power plants have gone out of business in the last four years than came into business in the preceding eight. This is from a preliminary report by Professor Herbert B. Dorau, of Northwestern University's School of Commerce on a survey of changes in the character and extent of municipal ownership in the American electric light and power industry.

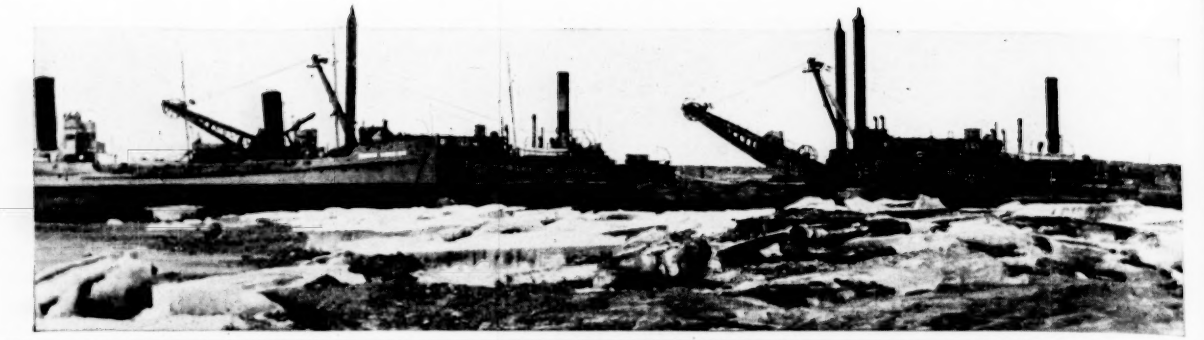
At the close of 1882, birth-year of the industry, there were four municipally owned electric light plants in this country. Their number steadily increased, touching the highest point, 3,066, in 1923, then dropping sharply to 2,320 in 1927. The semi-annual supplement to "Government Ownership and Operation and the Electric Light and Power Industry" issued by the National Electric Light Association amplifies the story by recording 1,440 cities and towns where municipal operation has disappeared.

Professor Dorau says an explanation must cover legal, political, technological and economic factors; also changes in popular feeling about government conduct of essential services.

Effective has been the ease with which a community could legally dispose of its establishment whenever it desired; important the changes in technique of power production and distribution resulting in a highly integrated industry. The smaller municipally-owned plants without access to economies now possible can hardly be expected to withstand the force which in five years reduced the number of private establishments from 3,774 in 1922 to 2,135 in 1927.

One of the effective economic changes has been the improvement in borrowing power of private electric corporations. With a decline in the cost of capital, it has been possible to finance acquisitions of municipal or private isolated plants and interconnect them profitably. The technical basis for integration was laid in 1917. Professor Dorau believes that popular interest in government ownership has been overestimated; is decreasing and of less weight than technological and economic factors.

Say what you will about "giving up our God-given heritage" to the "utility monster," the question of what is most profitable is still paramount in the minds of most individuals.



Wide World Photo

OPENING THE FROZEN NORTH TO COMMERCE

Three days after the ice went out, dredging was under way at Churchill Harbor, halfway up the west coast of Hudson Bay. When the work is completed, Canada will have a new port for the shipment of grain, now being grown farther and farther north in the provinces of Saskatchewan and Manitoba each year

Production ► **"These Men Could Keep the Peace"**

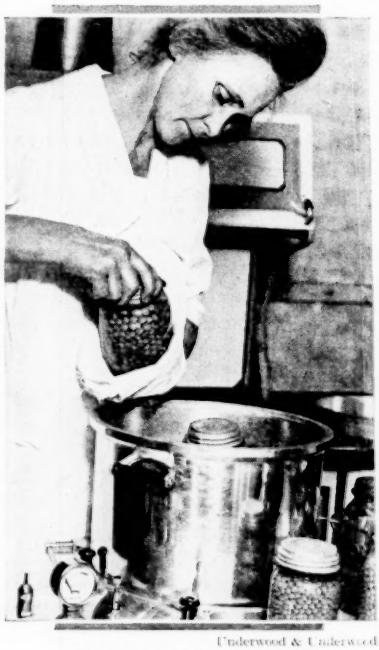
EDWARD N. HURLEY, war-time chairman of the United States Shipping Board, believes that war can be abolished if certain industrial leaders will take concerted action to control a substantial percentage of the world supply of ten or twelve of the basic materials of modern industry, and refuse to supply them to belligerent nations. These materials he lists as iron ore, coal, rubber, manganese, nickel, aluminum, petroleum, newsprint pulp, tungsten, chromium and mercury.

In a letter to George Theunis of Belgium, president of the International Chamber of Commerce, Mr. Hurley names some of the men he believes could thus prevent war:

Industrialists: Walter S. Teagle, president, Standard Oil Company of New Jersey; Sir Henri Deterding, managing director, Royal Dutch Shell Corporation; John D. Ryan, chairman, Anaconda Copper Mining Company; E. Franque of Brussels, copper magnate; Harvey Firestone of the Firestone Rubber Company; H. Eric Miller, British rubber producer; James A. Farrell, president, United States Steel Corporation; Charles M. Schwab, chairman, Bethlehem Steel Corporation; Willis L. King, president Jones & Laughlin Steel Corporation; James A. Campbell, president, Youngstown Sheet & Tube Company; Sir Hugh Bell, Sir Arthur J. Dorman and Sir Rovert A. Hadfield, British steel leaders; Dr. Albert Voegler and Dr. Fritz Thysson of the German steel industry; Jacques Von Hoegarden, Belgian steel magnate; Eugene Schneider, François de Wendel and Alexander Dreux, French steel leaders.

Chemical industries: Pierre S. du Pont of the United States; Carl Bosch and Dr. August Diehn of Germany; Lord Melchett and Sir William A. Barta of England; M. Donat-Agache of France.

Electric and automotive industries: Owen D. Young and Gerard Swope, of the General Electric Company; A. W. Robinson of Westinghouse Electric Company; Charles F. Kettering of General Motors Research Corporation.



Underwood & Underwood

CHAMPION CANNER

Mrs. Mary Hrass of Kennan, Wis., whose quart of peas won the grand prize of $1,250 in the National Canning Contest at Chicago, sets a high standard for the canning industry to maintain

Finance ► **Hoover Plan for Bank Law Change**

BOTH President Hoover and Secretary Mellon have urged Congress to take action on the national banking laws. Both are stressing the need of a careful investigation and the danger of hasty legislation. John W. Pole, Comptroller of the Currency, already has indicated that he will urge the same thing in his report.

"It is desirable that Congress should consider the revision of some portions of the banking law," said Mr. Hoover in his message. This means the question of group and chain banking. The President cited arguments on both sides: on one hand, that such development if continued without restraint will "dangerously concentrate the control of credit"; on the other, that grouping will make for "stronger support to the banks and a more secure basis for these institutions." He noted stability among the great metropolitan banks in marked contrast with failures in the country districts; weakening of the national banking system by withdrawals to state control; proposals for chain banking. Hoover plan recommended: "careful investigation," "joint commission."

Definite legislation at the present regular session is improbable. Lengthy investigation is likely. Numerous bills on the subject will undoubtedly be introduced.

Oil ► Turbulent Industry Refuses a Czar

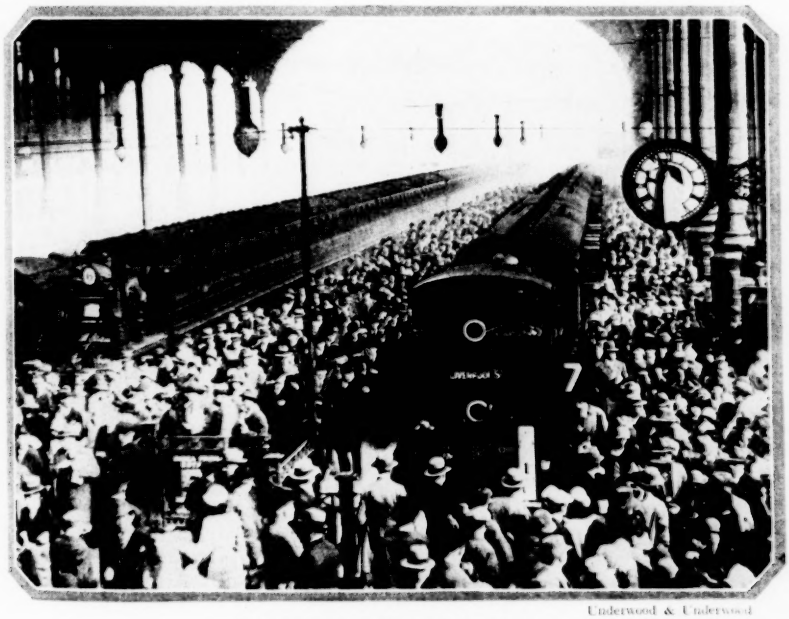
THREE years ago before the annual convention of the American Petroleum Institute, several powerful oil executives tried to impose Charles Evans Hughes on the oil industry as czar. Mr. Hughes would have none of it; he preferred to practice law. Last year the same leading management men in oil campaigned for the principle, putting forward two names, then-President Calvin Coolidge and General Pershing. Mr. Coolidge forbade the use of his name. The single most powerful oil group balked at Pershing on the general ground that career soldiers are martinets by nature, unaccustomed to the inherent looseness of business. There came no czar.

At Chicago last week the old oil guard got together again under the elation of the same high resolve: the oil industry had to be saved by a dictator. It was no real secret that Mr. Coolidge was again the favorite. What the ex-President himself thought about it is naturally known only to a few. Rumor was that he could be persuaded to accept if the industry chose him unanimously. Obviously he would not face the vulgar wire-pulling and heckling of a free-for-all caucus of 2,500 rather rough gentlemen from plant and field.

The highly unpleasant effect of Sir Henri Deterding's defiant speech was doped out by the campaign managers as a hopeful augury. Convened oil managers are notoriously pugnacious and touchy and the swishing of the old lion's tail has ever locked them together like a death battalion. Of Sir Henri's own views about a New World petroleum dictator, no man can speak.

The dictatorship party quite simply, speedily, and silently lost its cause again. History alone will reveal what took place in the caucuses, aside from rambling indiscretions of participants. What the oil boys call "the dope" would be that the same little fellows from the Rocky Mountain States who spoiled Mark Requa's Colorado Springs Conservation Conference last July popped up again to defy the great Eastern and World organizations. This is probably the true explanation.

At bottom the weakness of oil conservation dogma lies in the fact that commercially speaking it is merely another American valorization scheme, like copper, and really like grain, cotton, meat, and all of the things which the government is setting out to aid. The only excuse is "national defense." It is really a naval measure. Furthermore, the highest technicians do not agree in the least about the production outlook or the refining outlook. Nobody knows how much oil there is nor how much gasoline can be got out of it nor how much less gasoline we shall need as mechanical engineering science gives us higher work returns per gallon. It would appear now, after Chicago, that the petroleum industry will have to keep on muddling and floundering.



Underwood & Underwood

LONDON GOES TO WORK

Nine o'clock in the Liverpool Street Station. Not an imitation of the New York subway crush, but, apparently, something just as good

Production ► The "Universal Remedy" Again

European Bureau, The Business Week

INDUSTRIAL Britain's reply to the American spectacle of declining commodity prices comes out frankly in an instant resort to valorization. This week's schemes cover rubber and tin.

Tin restrictions were approved at a private conference of the British Tin Producers' Association held November 27. This organization, representing nearly half the world's tin smelting, is forming a consortium which stands ready to admit foreign applicants if they can be persuaded to join. Purpose: to withdraw from the market and carry financially about 10% of the ore received at the smelters. Success: doubtful.

The rubber scheme, admittedly difficult if not impossible of operation on account of the vastness and the inherently disorganized character of this jungle agriculture, outlines a selling pool of small membership. The ultimate ideal of the rubber schemers is to create a single selling unit which will set and peg world rubber prices about as the American copper export organization valorizes world quotations for its metal. Collaboration of manufacturers, invaluable at such an emergency, is hard to get, despite elaborate speeches explaining to them that they are better off with rubber at 30 cents a pound than at 16 because it is so much better for the trees. Some Dutch press opinion applauds this new outcropping of the indomitable spirit of valorization but Reuter's men on the spot cable from the Straits Settlements that practical growers pooh-pooh the scheme as impracticable, impossible.

SWIFT SURVEY OF BUSINESS ABROAD

EUROPE

By Special Cable to The Business Week

THERE is an atmosphere of suspense in business circles. General slowdown is probable though basic conditions remain unchanged. Trade with America is recovering its equilibrium, upset by stock slump. Yugoslavia, Rumania, and Hungary are reported negotiating joint corn export facilities, potentially important to all Europe.

U. S. Dept. of Commerce

Great Britain—Automotive industry is interested in expansion of overseas markets but is marking time pending disclosure of government's attitude on import duties and the horsepower tax, which vitally affect the domestic market. Soviet purchases boosted export totals 70% over year ending September 30; total value $50,000,000.

By Special Cable to The Business Week

France—New budget allows expenditures of 49,000,000,000 francs or an increase of 10% over this year. To this is to be added 5,000,000,000 francs for public works; this amount is covered by the present Treasury surplus. The attempt to develop Paris as an acceptance center is succeeding. Five of the largest banks in France have already subscribed to the project.

By Special Cable to The Business Week

Germany—Increasing pessimism and depression among business leaders. Basic difficulty is capital anaemia.

U. S. Dept. of Commerce

Italy—Increasing industrial activity halted by credit stringency, particularly in northern centers. Bankruptcies are numerous and unemployment increasing. Although rumored that the horizontal increase in import duties may not be applied, higher imposts on automobiles and leather are probable.

U. S. Dept. of Commerce

Czechoslovakia—Slackening industrial activity has not yet reached serious proportions. The agricultural situation is bad; farmers are demanding relief.

By Special Cable to The Business Week

Austria—Political tension is relaxing with corresponding easing of the business situation.

By Special Cable to The Business Week

Russia—New budget bill allows for expenditures reported at 11,000,000,000 rubles, a 30% increase. This includes 3,500,000,000 for new enterprises, chiefly in the heavy industries, and marks an increase over last year of 75%, very much in keeping with the *Gosplan*. Currency inflation is reported. Since the resignation of the conscientious Sheinmann, former head of the State Bank, currency is reported to have been issued at the rate of 100,000,000 rubles a month.

FAR EAST

U. S. Dept. of Commerce

Japan—Business and financial circles agree that present business depression will increase during adjustment period following removal of the gold embargo January 11.

U. S. Dept. of Commerce

China—Business is stagnant with imports and exports registering steady decline. Seven British vessels have resumed service between Shanghai and Vladivostok after suspension of 18 weeks. Accord in Manchuria points to early resumption of regular trade activity. Anti-Nanking movement in the south is causing apprehension, and continuing irregularity of trading.

U. S. Dept. of Commerce

India—Trade remains sub-normal though slight improvement is noted. Viceroy's announcement concerning ultimate attainment of dominion status for India relieves political tension and removes temporarily the boycott menace.

LATIN AMERICA

U. S. Dept. of Commerce

Mexico—Problems for the new government pushing to fore: external debt, to be negotiated with international committee of bankers; agrarian policy, and payments to be made by Federal régime on expropriated tracts.

U. S. Dept. of Commerce

Argentina—Recession in general business activity grows. In basic agricultural and pastoral industries wool and hide prices are somewhat depressed, and prospects for leading small grains are only mediocre. Money, already scarce, is tightening; faces business with severe shortage during busiest months. Farmers in many regions formerly rich calling for assistance.

U. S. Dept. of Commerce

Chile—Despite a slackening in retail trade, orders in the heavy industries are holding up. The first shipment of German railway cars—sleeping coaches and cold storage express cars for fruit transport—has arrived. Order has been placed for 500 new trolley cars for Santiago. Exports are 24% ahead of last year.

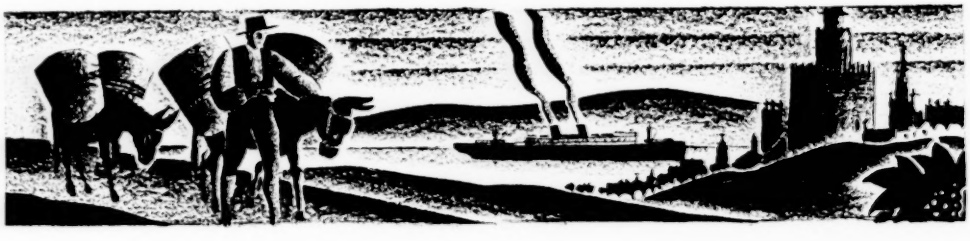
U. S. Dept. of Commerce

Colombia—Economic distress caused by falling coffee prices intensified by failure of Congress to pass budget, petroleum, and other important legislation prior to adjournment.

AFRICA

By Special Cable to The Business Week

Union of South Africa—New commercial treaty between Holland and South Africa provides that Holland shall share in any new preferences accorded to England. Marks the first break in the chain of British imperial preferences.



What the Figures Show

THE latest week's records show continued business recession. Industrial activity is running about according to schedule, but is showing considerable strength. General trade activity seems to be falling off somewhat more rapidly.

Average steel ingot production for the industry continues its regular decline and is somewhat below 67% capacity as compared with 69% in the preceding week and 85% a year ago at this time. Last year steel mill operations at this season were somewhat heavier than normal. The Steel Corporation is about at 68% against 70% a week ago. Last year the Corporation's operations for the first week of December rose 2% to approximately 84% of capacity. Independents are operating at 65% as compared with 68% a week ago and 85% last year. Rail and railroad equipment plants as well as structural steel fabricators are most active, but there is no sign of improvement in automobile steel demand.

November steel production figures are not yet available, but the pig iron figures show a sharp contraction in November. The daily average was the lowest since September, 1928, and the decline from the October rate, about 9%, was the largest recorded since May, 1925. November production was nevertheless more than one-half million tons larger than that for the same month of recession in 1927.

AN encouraging feature of the week's records is the sharp rise in the daily average of general building contracts awarded, which brings them not far below last year's level at this time. The total volume of contracts awarded during the last week in November was $150,265,200, almost double the amount awarded during the preceding week and only 9% below the total for the same week a year ago. Heavy construction figures for the week ending December 5, showed a similar increase, rising from $30,877,000 to $58,114,000, according to the *Engineering News-Record* figures. They are, however, about 40% below last year at this time.

The rate of bituminous coal production holds for the week and is almost the same as last year. Petroleum production increased very slightly, due to a rise in California output, and is still above last year's level.

PRICES are somewhat stronger. Wheat is fairly steady and considerably above last year's level, but the cotton average showed some weakness and is about 3 cents below last year at this time. Business recession has created uncertainty in the cotton market, and export demand for both wheat and cotton continues weak. Iron and steel prices are holding

FIGURES OF THE WEEK

(Compiled with the co-operation of the Survey of Current Business)

	Latest Week	*Preceding Week*	*Year Ago*
PRODUCTION			
Steel Mill Operation (% capacity)	67	69	85
Building Contracts (F. W. Dodge, daily average in thousands)	$21,524	$12,717	$27,494
Bituminous Coal (daily average, 1,000 tons)	1,829	1,758	1,830
Petroleum (daily average, 1,000 bbls.)	2,638	2,633	2,506
TRADE			
Car Loadings (daily average, all classes, 1,000 cars)	158	164	172
Check Payments (outside N. Y. City, millions)	$ 5,913	$ 7,402	$ 6,080
Wheat Receipts (1,000 bushels)	3,811	4,502	11,052
Cotton Receipts (1,000 bales)	522	566	718
Cattle and Calves Receipts (1,000 head)	325	349	331
Hog Receipts (1,000 head)	648	615	659
Wool Receipts (1,000 lbs.)	3,008	3,648	2,886
PRICES (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ 1.21	$ 1.20	$ 1.14
Cotton (middling, New York, lb.)	$ .174	$ .177	$ .208
Iron and Steel (composite, ton)	$35.97	$35.97	$36.16
Copper (electrolytic, lb.)	$ .178	$ .178	$ .158
All Commodities (Fisher's index, 1926-100)	92.3	92.2	97.3
FINANCE			
Total Loans and Discounts, Federal Reserve member banks (millions)	$17,698	$17,861	$16,200
Commercial Loans, Federal Reserve member banks (millions)	$ 9,809	$ 9,871	$ 8,954
Brokers' Loans, New York Federal Reserve member banks (millions)	$ 3,392	$ 3,450	$ 5,395
Federal Reserve System Ratio	71.5	71.8	64.8
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	8,087	14,362	26,041
Stock Prices (N. Y. Times, average 50 stocks)	$201.76	$199.37	$227.16
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$51,404	$71,048	$43,422
Bond Prices (Dow, Jones, average 40 bonds)	$ 93.93	$ 92.82	$ 96.68
Interest Rates—Call Loans (daily average)	4½%	4¾%	7½%
Interest Rates—Time Loans (daily average)	5 %	5½%	7 %
Business Failures (Dun, number)	371	472	417

and copper still remains unchanged in spite of continued slackness in domestic and foreign demand. Largely because of seasonal advances in prices of certain farm products, the general commodity indexes rose slightly. The Fisher index is now about 5 points below last year's level.

The general trade indicators are not so good. Agricultural marketings, except of wheat and cotton, appear to be fairly normal. Carloadings as a whole continue their usual seasonal decline, but the daily average for all classes is considerably below last year's level. The miscellaneous and less than carload lot groups, which account for about two-thirds of the total loadings and are the best indicator of primary distribution, have been running considerably behind last year since the first week in November.

MONEY turnover as measured by check payments for the latest week (November 27) showed a sharp decline of about 20%, bringing them below last year's level. The decline from week to week was about the same for cities outside of New York as for all cities. The drop from last year was about 11% for all reporting cities and about 3% for cities outside of New York, indicating that, in addition to the greatly reduced volume of security trading, there has been some decline in general trade.

Commercial loans of Federal Reserve member banks were slightly lower for the week but markedly above last year.

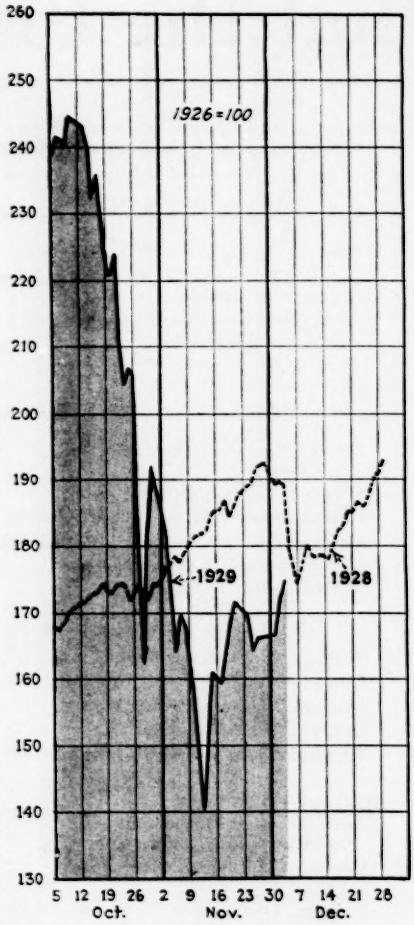
The number of commercial failures fell sharply for the week and is considerably below last year's level. Dun's figures for November show a decline in the number of failures, as compared with last November, but a considerable rise in total liabilities.

Money and the Market

STOCK prices moved upward most of the week. However, the trend varied from hour to hour, from group to group. Considerable increase in volume of trading showed that the speculative clan, although decimated, is not extinct. Given a few days of rising prices and back they come seeking to recoup. Selling to establish losses for income tax reports

THE MARKET DAY BY DAY

(Standard Statistics Company's Daily Stock Price Index)



will continue through the end of the year. This adds both to volume and irregularity.

Stock prices now average 30% to 40% above the low point reached at the bottom of the crash. Reaction was to be expected, for the lows were out of reason in some cases. But recoveries have been substantial and the cautious are watching lest enthusiasm be overdone.

Washington was the news center of the week and the source of encouragement. The messages of the President and Secretary Mellon, the statements of business leaders at the President's conference all proclaimed the soundness of basic conditions. An accompanying note of caution received little attention.

Both the banks and the railroads had some indication of future uncertainties. The branch banking question was placed squarely before Congress by both Mr. Hoover and Mr. Mellon; the Interstate Commerce Commission made the far from helpful request that Congress take up the railroad question again to investigate holding companies such as Pennroad and Alleghany Corp.

That, at least, some investment trusts have not yet settled their problems was made plain with announcement that millions of dollars had been levied upon to strengthen two of the Goldman-Sachs concerns. The source was not indicated and the routing was devious, but sacrifice by some backers was indicated.

Easier money is not expected in the near future. Time rates took another decrease in the week, bringing them to the lowest point since March, 1929, but other rates were unchanged. Call money stayed at 4½%. The fact that month-end requirements had no visible effect upon rates showed that there was plenty of money in New York. However, this condition already is coming to an end as holiday demands for currency are being felt.

Other sections of the country, in which New York's easy circumstances are not duplicated, are calling for funds. The huge volume of loans, both security and other, made by banks, does not indicate a general plenitude of funds. The New York City banks are much freer than those elsewhere. The Federal Reserve policy is to stand by.

Foreign exchange rates moved upward to high levels for the year in several cases. For the week there was little change in our gold holdings, as exports of $5,000,000 were offset by decrease in earmarked gold and more than $1,000,000 of imports. Considerable shipments are entirely probable at an early date, for gold is desired in many countries and will be taken whenever it is calculated from the exchange rates that shipments can be profitably made.

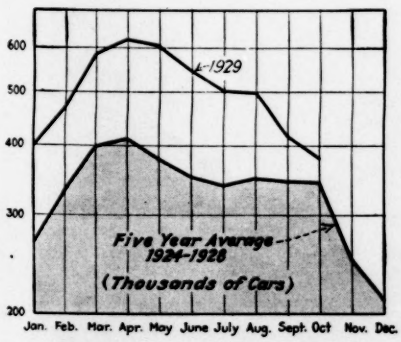
Brokers' loans showed a further decrease of $58,000,000, bringing the total to $3,392,000,000. These loans now are back to the level of four years ago. Liquidation appears about ended. Report of the monthly stock exchange figures for November showed a decrease in that month of $2,092,000,000 to total $4,016,000,000, as compared with a total of $8,549,000,000 on Sept. 30.

What Kind of Business Recession?

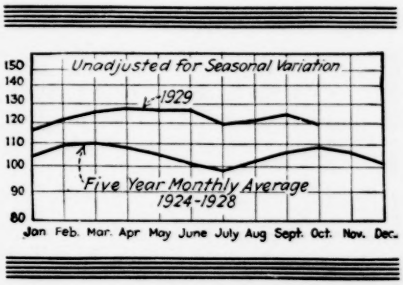
STATISTICS do not lie, but sometimes they mislead those who use them with the best intentions and without sufficient care. One reason is that figures rarely mean anything in themselves and are significant only in relation to something else. Another reason is that they are usually presented and interpreted by someone who has a predetermined attitude toward the thing he is talking about and who easily finds that the figures support this attitude. That is why individuals and agencies who have been whooping up the stock market have uniformly tended to regard business conditions as much better and industrial production much larger than the statistics really warranted; and now, when the stock market has turned sour, they equally exaggerate the unfavorable aspects of the business statistics and are convinced that things are much worse than they really are.

Much that is now being said about recession in industrial activity is not altogether accurate. THE BUSINESS WEEK has lately suggested that the falling off in activity in certain basic industries has so far been little if any more than normal for the season, plus what is natural in view of previous excessive expansion.

The charts on this page lend some support to this idea. These charts compare the month-to-month course of steel ingot production, the output of cars and trucks in the United States and the general manufacturing production index of the Federal Reserve Board during 1929 with the average month by month during the five years 1924-1928 inclusive. They are drawn on a logarithmic scale so that the rate of change from month to month can be compared merely by comparing the slope of the lines.



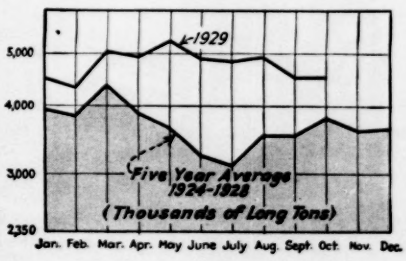
NORMALLY, steel ingot production increases moderately during January, falls somewhat during February and then rises to a peak in March. It then usually falls fairly steadily to August and rises to the end of October, after which it declines slowly to the end of the year, holding fairly steady during December. This year the course of steel production was quite regular up to May, but instead of declining in May it held up and reached its peak for the year in that month. Thereafter it fell slowly to September, more slowly than usual. There was less than the usual increase in August, a sharp decline in September and no change in October. The November figures will probably show somewhat more than the usual decline in that month. There may be a further decline in December, which would prepare for the usual upturn in January.



Something happened in April and May to prevent the normal seasonal falling off during the summer and to sustain steel production above the usual level throughout the middle of the year. The whole year has been, of course, far above the five-year average and a decline in the last two months will merely compensate for the bulge during the summer and bring the course of steel production about where it might be expected to come out, below the level at the beginning of the year. That decline can, in fact, be more rapid than is usual, without upsetting any precedent.

THE course of automobile production is even more strikingly in accord with the normal movement. Up to August, in fact, it has been an almost perfect parallel, except that the rise from January to April was more rapid and the decline from April to July slightly slower than usual, so that there was no upturn in August. In September and October the falling off in production was much sharper than normal, so that the October level was below that at the beginning of the year, whereas it is usually considerably above. November and December normally show a very rapid decline. This year indications are that the decline will be somewhat more rapid, and it is likely that the upturn in January may be less marked than usual. Perhaps the stock market collapse will accentuate this decline, but the vastly higher level of production throughout the first eight months of the year would alone be sufficient to account for a more than usually rapid falling off during the last four months.

THE general index of manufacturing shows in a more comprehensive way how the course of industrial activity deviated from the normal seasonal movement in the first half of this year. Above the five-year average throughout, it rose more rapidly than usual in March, and instead of falling in April, May and June reached a peak in April and held at a high level till July. The rise in August and September was consequently less rapid than usual, and the usual decline took place in October, instead of in November. November and December will probably show further decline, but it would be in accord with the usual seasonal slackening and might be expected to be somewhat emphasized as a result of the abnormally high level sustained during the middle of the year. In short, this winter's business recession may turn out to be in larger part a bad case of dislocated seasonality.



You're Going Into Foreign Trade?

IN THE lulls the manufacturer's fancy turns—not lightly but with misgivings—to thoughts of foreign trade. Can foreign buyers be induced to tauten a slack in demand? Just what has happened since the fearful days of 1920 when goods were in some cases left to moulder on distant docks or were sold at fantastic losses? What about 1930?

Many, many things have happened since the black days of 1920. American concerns that stayed with it have mastered the technique of foreign business. To the inquiring manufacturer who would seek oversea markets the veterans extend a welcome, tempered at times by certain hard-boiled admonitions.

"Come on in," they say, "the water's fine—but see that you don't muddy it after you are in."

TO paraphrase O. K. Davis, secretary of the National Foreign Trade Council, here are "Don't's" and "Do's" for the approaching year:

Forget the word "foreign." Trade is trade. A sale is a sale in Topeka or Timbuctoo.

Don't get the idea that this business is only for the big fellows. Demand is where you find it.

There is a market for you abroad if you are shrewd enough to develop it.

If you are thinking of getting rid of temporary surplus—until the home market comes back—stay out entirely.

Dumping and price slashing is as bad business for foreign business as for domestic.

The opportunist, the fly-by-night, the unscrupulous trader injures legitimate trade here and abroad. He is not wanted.

Step lightly and with some humility. Don't go about with a red, white and blue chip on your shoulder. Don't broadcast that American goods are perfect and those of other countries no good.

The less ballyhoo and combativeness, the better it will be for everyone. Trade you will get overseas is not necessarily taken from some other country. The world is developing in appetite and buying power. Your sales may be part of this increase.

Bear in mind that the exporting countries, those that compete with us for world markets, are the heaviest buyers of our products.

"There is no sleight-of-hand about foreign trade," declares Mr. Davis. "Years ago we heard nothing but discouraging reports. It looked as if the job was too much for us. You heard that Americans didn't study foreign markets. They didn't pack properly. They disregarded the foreign buyers' needs for long-time credits. We were advised to keep our trade at home—that the technique of international commerce was beyond us.

"Much of this talk was inspired by rivals. We have learned much in fifteen years. Adaptability, alertness, exchange of ideas has done it. Europeans are now asking their exporters and governments why they don't do things like the Americans."

TO many manufacturers foreign trade is still shrouded in mysterious vapors in which lurk unnamed dangers. "But," says Mr. Davis, "This business of foreign trade is selling to a person you don't know in a community with

—Then here's the straight road

which you are unfamiliar. It is the same product. The difference is in the technique of packing, shipping and collecting.

"James A. Farrell (whose services to our foreign trade are greater even than to the steel industry) has a favorite way of explaining the above point. He takes the case of a manufacturer who turns out 1,000 machines every year. His problem is to sell those machines. If he sells one of them in Rio de Janeiro he has accomplished one one-thousandth of his sales problem. The machine sold abroad is just as important as the one sold in Buffalo or Indianapolis. Nine hundred of those machines represent his costs. The other hundred is his profit. If he can sell this last 10% abroad it may mean the difference between running at a profit and closing down his plant."

The old iniquity of dumping has disappeared from the practice of American foreign traders. Everyone hopes that it will stay dead. The idea crops up now and then, when sudden crises clog the regular flow of commerce. Listen to the story of the Washington raspberries and meditate upon the lesson it holds:

"Some years ago," Mr. Davis says, "fog and continued moist weather endangered the raspberry crop of Washington state. The raspberry is a skittish and temperamental traveler. If the berries are moist when packed they rot and spoil before they can reach market. That year they had to be picked in damp weather. To save the crop, the fruit was rushed into cold storage.

"There was more than any possible domestic demand would require. Producers began scurrying about for new markets. A New York fruit broker cornered a commercial attaché who was landing from London. The attaché had just finished a survey of the juice and jam outlook in England. He told the broker the demand was active there and gave him a list of names. With the list in one hand and his hat in another, the broker made for a steamer. He landed at Liverpool. One of the prospects on his list had headquarters there. He went to the office direct from the boat.

"The Englishman was interested. Very much interested. Washington raspberries were well and favorably known to him. He placed a large and gratifying order. The American started out.

" 'Just a minute," said the Englishman, 'What about next year?'

" 'Oh, next year,' answered the American, 'Everything will be all right. We'll probably sell everything at home.'

" 'Then I can't give you an order. It's next year and the next ten years I've got to think of. If I take your berries for this season only it does neither of us any real good. If I create a brand, push it hard, get it known and liked, get people to asking for it—then it's going to be worth while for everyone concerned. You see?'

"The American saw. He sat down again. When he left he had made a ten-year arrangement to sell Washington

You're Going Into Foreign Trade?

raspberries in the British Isles. They are shipped through the Panama Canal in refrigerator steamers. So great is the present English demand that there is trouble supplying it.

THE giant corporations have gone seriously and solidly into overseas trade. They have foreign agencies, ships, a steady flow of supplies, banks or banking connections and—most important of all—foresight.

Mr. Davis recalls that in 1914 the United States was doing a foreign business of over $2,000,000 a day. Fifteen big corporations were handling 90% of this great volume.

"Every one of those fifteen companies," he added with a grin, "was under indictment or suspicion by the government."

Times and attitudes change. The government has come to realize that an organization can become great without becoming criminal. The tendency is to help rather than to harass. There are now some 20,000 American firms that sell goods abroad. A great percentage of the business is still in the hands of giants. A survey of Michigan showed that 2,200 firms were selling goods abroad. However, about half a dozen companies were doing 95% of the business.

HOW about the little fellow? Is there a chance for him?

There is just as much chance as he can make for himself. One of the Michigan plants was in a small town that few people outside the state could have located. This manufacturer made a machine for wrapping bread in sanitary waxed paper. The president had gone to England and opened up a market which furnished him a steady income every year.

"There are many such cases," Mr. Davis says. "I know a manufacturer who makes a machine for automatically wrapping taffy candy. With a man who sold a candy machine, he went to England, taught people to eat American candy, and made a market for their products."

WHAT is the best example of foreign trade against great obstacles?

This question put to Mr. Davis brought from him the Saga of Red McGonigle.

McGonigle risked his rosy pate under a tin hat during the late war. In the midst of tumult and violence he was often moved to admire the antics of the tanks. How they went ahead against artillery fire, over shell holes, shattered trenches, tree stumps and what have you.

Mustered out, Red began wandering. Years later he was in the little city of Santa Cruz in the Chaco, now being claimed by both Bolivia and Paraguay.

To his astonishment Red found here two electric light plants. They were run on a naïve system by which the subscriber paid a certain amount each month and used just as much juice as he wanted. Naturally the plants lost money. Red proposed to a local magnate that they acquire the two plants and modernize them. The local gentleman was ready to take the risk.

Red showed up months later at the Westinghouse plant in Pittsburgh. He described the needs of his electric light company. Westinghouse experts prescribed a 500-kilowatt outfit.

"How much does it weigh?" asked the purchaser.

"Seven tons."

Red limbered up some of his old army vocabulary. "Why," he exclaimed, "my place is 140 miles through the jungle from a branch of the Amazon. It takes a strong pack animal to make the trip. Sixty pounds is the limit of a single load."

The Westinghouse company was sorry but could not alter the fact that the generator weighed seven tons.

It is hard to lick a person whose name is McGonigle and whose hair is red. In his trouble the ex-doughboy remembered the tanks he had seen in France. Then he hopped a fast train for Cleveland where he bought a tractor made on the tank principle, and three trailers.

Closing with the Westinghouse folk, he shipped his electrical equipment with the tractor and trailers. A steamer took them as far up the Amazon as it dared and a lighter penetrated beyond that. The machinery was loaded on the trailers which started through the jungles behind the attacking tractor. On one stretch it took 42 hours to cover 44 miles. The tropical rains came down but Red and the tractor kept right on.

The arrival of this mud-caked train at Santa Cruz was the occasion for a holiday, with rejoicing and dancing in the streets. Today juice from the Westinghouse generator makes gay (after registering on meters) the night shadows of Santa Cruz.

MANY factors strengthen the outlook for 1930. The entire world is going ahead, wanting more goods and finding means of buying them. Machines and money from this country are playing an increasingly important part in this development. There was a time when it was said we could never compete with other countries because we didn't have financial interests in foreign lands. It has been quite a while since that cry was raised.

Americans have invested less in the Argentine than other countries, yet our trade is going ahead faster than theirs. The difference is that where Americans have invested the result has been more productive of business. Much of England's investment in the Argentine is in railways. Beyond replacements for the lines, these roads do not make a great deal of business for Great Britain. American companies have gone into mines, steel mills, packing houses, and the like. Such enterprises create payrolls where none blossomed before. They increase the spending powers and appetites of workers. They give return voyages for ships which deliver American manufactures.

In the old school books we were made to realize that the United States was principally an exporter of raw materials which other countries turned into finished goods. Not any more. The figures of the first ten months of 1929 show what a revolution has occurred in our trade with other countries:

Of the total, crude foods were only 5.3%; raw materials, mostly cotton, 20.3%. Manufactured and semi-manufactured goods made up the remaining 74.4%. Finished manufactures amounted to 50.6%; semi-finished manufactures 14.6%, and manufactured foods, 9.2%.

The outlook for 1930 is encouraging. Our plant equipment is unchanged. Transportation and banking facilities are there. We have the raw materials. Overseas there is just as much business as you deserve. Don't go after it unless you expect to develop and keep it.

wide utility. The spacious, easily accessible, weatherproof rear deck in the two-passenger Coupe, and the roomy rear compartment in the five-passenger Sedan models, provide ample room for luggage or sample cases.

But, in the final analysis, it is economy which commends Oldsmobile as the logical choice for business use. This economy is evident in all phases of performance and ownership. Maintenance costs are extremely moderate. Thoroughly sound engineering and rigidly controlled manufacture minimize the need for service attention even under the severest usage. Carefully distributed weight not only makes for exceptional roadability but contributes to increased tire mileage. And Oldsmobile's first cost is remarkably low, particularly when you compare what this car is, and what it does, with other cars in its price field.

If your sales organization comprises mentally alert, aggressive men—if your sales problem is one in which salesmen's morale is essential to continued progress . . . investigate Oldsmobile. At a low cost, you will be able to equip your field force with cars which they can be proud to drive, which will enable them to take the longest trips in gratifying comfort—and which, because of wholly satisfactory and economical performance, will justify selection on the basis of sound business investment.

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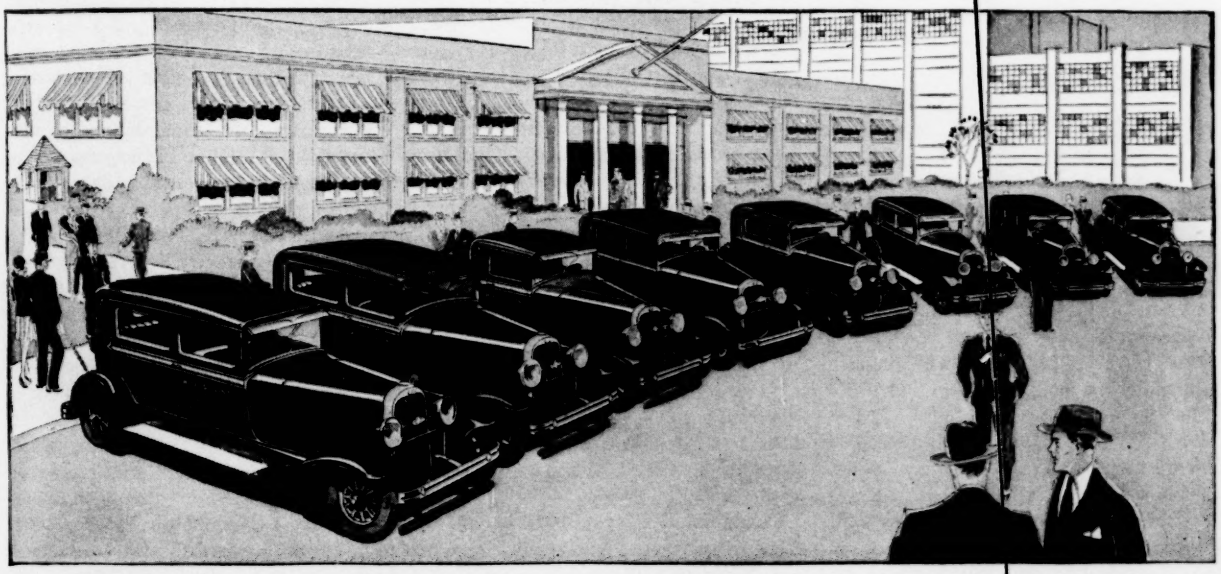
COUPE OR TWO DOOR SEDAN .. $875 FOUR DOOR SEDAN $975

Prices f. o. b. factory, Lansing, Michigan. Spare Tire and Bumpers Extra

CONSIDER THE *DELIVERED* PRICE

Consider the delivered price as well as the list price when comparing automobile values. Oldsmobile delivered prices include only reasonable charges for delivery and financing.



OLDSMOBILE

The CAR FOR BUSINESS

PRODUCT OF GENERAL MOTORS

The Construction Industry in 1930

• Will easily equal recent • records; may set a new one •

A NATIONWIDE survey of all branches of the construction industry indicates that 1930 will easily equal and may surpass the records established in the current and preceding years.

Activity in public works will be undiminished. State highway building probably will exceed 1929 by 10%. Municipal construction promises to better the average of recent years. Corporations and utilities plan to maintain their development budgets in full. Railroads, with $800,000,000 of new-capital work laid out, may increase the total to a full billion in response to President Hoover's efforts. Building, which, eight or nine months ago, slowed up sharply (chiefly in small residential work) because of tightening loan funds and local over-building, is beginning to recover, but improvement may be slow. Reports to the *Engineering News-Record* emphasize points like these.

Engineers and architects are busy. Few have had work cancelled or postponed because of the stock market situation; on the contrary, some have had jobs previously deferred turned into definite projects by this event. They expect a normal amount of activity in 1930, except for an anticipated reduction in private work of moderate size, chiefly in the Middle West and South. They agree in the opinion that, with stocks down, the bond market will be favorable to public construction; that funds will be released to promote industrial building.

Contractors subscribe to this opinion. Many declare that speculative building is out of the picture for some time to come, but industrial building, slowed down this year by high money rates, will make up for the loss. Construction work has been retarded for several months but no additional setback followed the market slump. The contractors do not look for much improvement until late next spring.

Manufacturers of construction equipment and materials are reporting inventories lower than a year ago and an active season ahead.

Construction costs in 1930 should be about what they are now, with some probability of a slight falling off.

SINCE 1925 construction costs have held remarkably even. The trend of materials prices has been gently down; skilled labor rates have been rising gradually but steadily. Common labor, less closely organized than skilled, has fluctuated, with the long trend flat.

There have been no striking price changes this year, except for the break in cement quotations early in September, and these have recovered their former levels. Present steel prices are those of a year ago. The lumber trend is down. The outlook for materials prices generally is for a continuation of the long trend down. An effort is being made to prevent sharp breaks.

The tendency of union leaders is to postpone wage demands and 5-day week agitation and to maintain present rates. They feel that any other course would result in reduction of forces.

Interest in the construction industry centers on the favorable aspects of the new financial situation already noted. It believes that financing of construction work will be easier. The collapse of the call market is expected to release funds for capital investment. The bond market is already improved and bond houses expect a steady advance toward normalcy. Municipal and state work has been held up during 1929 by inability to sell bonds at attractive prices. Bond sales in the first 10 months of 1928 and 1929 totaled 13% less than in the same period of 1927. Average yield on municipal bonds, which, rising from 3.87 in January, 1928 to 4.49 in September, 1929, dropped back to 4.30 on November 20, may return to a "normal" 4 in a few months.

Mortgage money may remain tight for some time. Some mortgage-lenders fear over-building; are carefully scrutinizing

Stock slump has released funds, improved bond market, stimulated new projects. • Industrial construction should pick up. • Utilities, particularly railroads, may set a new pace. • Municipal building promises better-than-average year. • Highway work in 1930 may be 10% better than in 1929. • Speculative building is out of the picture. • Costs may drop a little. • The $10,000,000,000 in construction will help other industries, too.

World-wide diversification

. . applied by these investment companies

THE investment companies of the general management type in the American Founders group for years have invested in bonds, preferred stocks and common stocks, choosing their investments after careful research in the principal security markets of the world, and among the issues of various governmental authorities and many private enterprises.

A recent consolidated summary of the investments of the group, excluding cash, showed 42% in the United States, 11% in the British Commonwealth, 4% in Central and South America, 40% in Continental Europe, 3% in Japan and other Asiatic countries.

At the same date, 38% were in bonds, 6% in preferred stocks and 56% in common stocks.

The holdings were 18% government (bonds), 5% transportation, 14% public utilities, 24% industrials, 7% mortgage bank (bonds), 9% banks and insurance, 23% investment and financial companies.

The American Founders group now has approximately $60,000,000 invested in bonds. Consolidated resources are $200,000,000.

Additional information may be obtained from bankers and investment dealers, or from Founders General Corporation, 50 Pine Street, New York City.

DECORATIONS BY ROCKWELL KENT . CUT IN WOOD BY J. J. LANKES

THE AMERICAN FOUNDERS GROUP

Including

AMERICAN FOUNDERS CORPORATION

General Management Investment Companies

INTERNATIONAL SECURITIES CORPORATION OF AMERICA
SECOND INTERNATIONAL SECURITIES CORPORATION
UNITED STATES & BRITISH INTERNATIONAL COMPANY, LTD.
AMERICAN & GENERAL SECURITIES CORPORATION

Sharing the Prosperity of Many Companies, Many Industries, Many Countries

SPEED!

SPEED in your record-keeping, that's what you want. Speed that starts at the point of contact with the customer. It's a foremost element in the modern program of efficiency—speed that sacrifices no valuable detail.

Exactly fitting the need, logically fitting your business, the famed and popular Egry COM-PAK Autographic Register system is at your service . . . Ready to perform rapidly, unerringly; to stop leaks that may now be disturbing you; to *certify* every transaction when it takes place.

Two to six copies are made at one time on the Egry. You get as absolute and complete a check on your business as if you attended each detail. And you get it with 100% accuracy . . . A copy goes into the "safe"—into the locked chamber—at the time of the transaction.

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Labor time records
Stocks of goods — Inventories
Material requisitioned
Money received or paid on account
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The Egry is built for long and faithful service. It is very simple to operate. It is ever ready.

It will fit into your business. And it will fit economically. Let us explain—without the slightest obligation on your part—how a simple, inexpensive system can be built around the Egry to save you money and cut out losses in time and money. Write for the facts.

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The construction industry asserts that the $10,000,000,000 now expended annually on construction is the nation's ultimately essential investment from which every other industry profits. It sees the $10,000,000,000 that will probably go into construction next year as a great stabilizing force that will strengthen all business in every field in 1930.

—And Then Count in the Railroads

IN any general survey of the construction situation, the railroads must be taken into consideration for two important reasons:

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Viewed as contractors, and as liaison agents between manufacturer and consumer, the volume of railroad performance becomes inseparable from all industrial production generally. It is so recognized in many ways, particularly by the widespread use of weekly totals of revenue car-loadings as an index of general business conditions.

The railroads are dependent for their gross business upon industry in general, but they are themselves one of the largest patrons and supporters of other businesses. The far-reaching effect upon general business of any change in the railroads' purchasing or employment policies may be discerned immediately when it is considered that the railroads employ 1,750,000 persons who are the means of livelihood of probably three or four times that number; and that they expend normally more than $2,000,000,000 every year for materials and supplies for operation and capital improvement. They consume 25% of the output of all coal mines, 18% of all fuel oils exclusive of gas oils; 16% of all timber cut; 16 % of all iron and steel produced. It is thus, to some extent, within the power of the railroads to determine the volume of business enjoyed by their patrons, and ultimately by themselves.

ANYTHING at all resembling hysteria on the part of the railroads regarding general business conditions, which would cause them to reduce their normal expenditures, would, by reducing the activity of their patrons, similarly reduce railroad traffic and aggravate conditions. The railroad executives of this country have shown, by their cooperation in furthering President Hoover's plans for maintaining industrial activity and confidence, that they possess courage in the face of a declining tendency in business. So far as the relation of the railroads to construction and other general business activity is concerned, whatever clouds there may be are almost obscured by their silver linings. The railroads are going ahead with "business as usual," or even a little better than usual. They will help other parts of the industrial and business machine to proceed in the same direction.

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ADDRESSING "ELLIOTT" MACHINES

NOT solemn little blackbirds in the snow, but happy white-clad children at a garden party!

This is a picture of WHAT? Can't tell at FIRST GLANCE can you?

It's a NEGATIVE. Everything is in REVERSE. Until a *positive print* has been made from it, the best you can do is GUESS what it's all about.

It was to eliminate this kind of guesswork from your MAILING-LIST FILES that the Elliott "TYPEWRITEABLE" System of Automatic Addressing was invented. Until then, anyone who wanted a mechanical addressing system had to use NEGATIVE address plates—unreadable until fastened into frames together with POSITIVE prints on extra slips of paper. Each mailing-list name thus called for *three separate parts*—difficult to assemble and apt to become confusingly separated.

ONLY "ELLIOTT" STENCILS can give you the important advantage of *perfect legibility at first glance.*

In addition, the Elliott System insures a *400% speed advantage* over former systems. "ELLIOTT" makes the only AUTOMATIC ENVELOPE-FEED Addresser sold at a popular price, within easy means of everyone. *It prints 125 different addresses per MINUTE!*

Proof of the superior desirability of the "ELLIOTT" System is significantly evidenced by the fact that a very large proportion of "ELLIOTT" sales are made to business concerns, banks, stores, lodges, churches, etc., that already own addressing machines of other make.

"ELLIOTT" one-piece all-fibre Address Cards are stencilled on a typewriter. Addresses are POSITIVE—always readable without addition of extra identifying parts.

CLIP and MAIL this COUPON

☐ FREE Catalog
☐ FREE Demonstration
☐ FREE Book about Direct-Mail Advertising

Check what is wanted at left, attach to your business letterhead, and address to the Elliott Addressing Machine Co., Cambridge, Mass., U. S. A. (or 84 St. Antoine St., Montreal, if you are in Canada).

also on the character and reliability of the salesmen. Real Silk Hosiery, Fuller Brush, and A. Nash Tailoring Company are big advertisers.

General Motors, with Frigidaire, Delco Light and Day-Fan Radio, is a big direct seller. Shell Petroleum Corporation and Skelly Oil Company are newcomers in the field by virtue of a product which Shell calls "petrified gas." Tanks of highly compressed gas, that can be burned in ordinary gas cooking ranges, are sold to farmers. A dozen or so direct-selling tire companies are now operating, several being under-cover subsidiaries of large manufacturers.

In the marketing of teas, coffees, spices, flavoring extracts, grocery sundries, remedies, miscellaneous "household necessities," and poultry and stock feeds and tonics, direct selling is an important factor. The J. R. Watkins Company of Winona, Minnesota, founded 1868, pioneer in the field, and W. T. Raleigh Company, Freeport, Illinois, are leaders in this field. Jewel Tea Company, Grand Union Company, Banner Coffee Company all do a business running into the millions. Even Great Atlantic & Pacific Tea Company has a direct-selling subsidiary, the Great American Tea Company, which does business in the East.

Direct selling is of special importance in the nursery business—shrubs, plants, seeds and such. Stark Nurseries, Louisiana, Missouri, does around $15,000,000 a year. One hundred and fourteen of 358 members of the Direct Selling Federation, an alliance of companies in the business, are nursery firms.

A spectacular convert to direct selling was the Patrick-Duluth Corporation. On account of bad credit risks, high costs of selling and other difficulties, this organization discontinued sales to dealers on December 31, 1927 and on New Year's morning, 1928 began selling direct—with highly satisfactory results.

Grigsby-Grunow's magazine advertising pages carry pictures of signet rings by which trustworthy authorized salesmen of Majestic radios can be recognized. (Lapel buttons are more often used by other companies to serve the same purpose.)

RECOGNIZING frankly the weaknesses and shortcomings of direct selling, leading companies in the field have organized a Direct Selling Federation, with headquarters in Chicago. Each of the 35,000 salesmen of 358 member firms has a $500 surety bond, which protects both company and public against not only defalcations of money but also of merchandise.

Frozen FIGURES

...mean costly bookkeeping

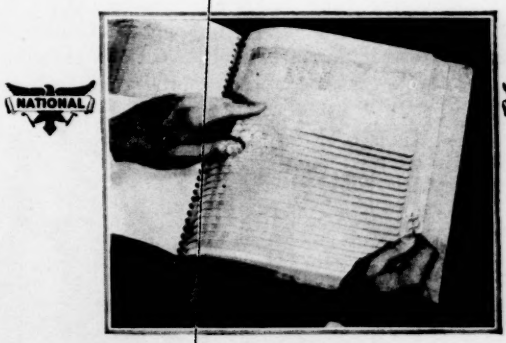
When figures are hard to get at...when they are kept in antiquated or ill-adapted equipment... when they take valuable bookkeeping time just to locate for posting and even more valuable time to assemble for executive reference, they are, to all intents and purposes, *frozen*...useless until extricated...costly to keep and costly to use.

There is a modern way to avoid wasted clerical time in hunting for figures...a modern way to have facts "hot"—ready for instant business reference.

National Visible Records keep important figures always ready for quick reference. In compact, easily handled binders, showing banks of 20 to 30 accounts at a glance, records of 10,000 accounts can be kept in 3 feet of shelf space.

National Visible Binders are unique because: (1) The back is flat; it expands at the touch of a thumb-lever for ease in posting. (2) When open for writing, the broad, flat surface of the back holds the book steady and prevents rocking. (3) Flat back construction avoids any hump to interfere with the arm in posting. (4) The posts are straight, polished and frictionless; this allows sheets to be turned at the flick of a wrist, as in a book.

There is a stationer in your city who can show you National Straight Post Visible Binders. Or simply fill out the coupon below and send it to us, pinned to your business card or letterhead.



National VISIBLE RECORDS
Save Bookkeeping Time

NATIONAL RECORD-KEEPING EQUIPMENT
BOUND BOOKS LOOSE LEAF VISIBLE RECORDS
MACHINE BOOKKEEPING EQUIPMENT

NATIONAL BLANK BOOK COMPANY
Department 3-M **Holyoke, Mass.**

Please send me your explanatory folder called "266 Places where Visible Records can Increase Efficiency and Reduce Business Costs."

Name _____

Address _____

Firm _____

Brain battalions to stiffen the hard-pressed line can be mobilized on emergency notice

When Wall Street Calls Out The Reserves

THAT ill wind which blows no man good, on its way up Manhattan's Narrows from the cruel sea, never quite filters its way through the cornered canyons of Wall Street peaks. Times are good: the financial community has plenty of work to do and to be paid for at a high tariff by a willing and buoyant following of quotation bettors throughout the nation and the world. Times are grand: it is deluged, inundated with details for recording. Times are bad: an anxious flood of additional entries pour in upon it. But it is when times are rotten—dreaded panic times—that it is submerged, sunk under avalanches of paper bits which must absolutely get scribbled upon ledger sheets before the oozing of the dawn over Flatbush. Today half a million penmen slave in the giant fortress of finance.

As befits the hugest and most concentrated brain market in the world, or in history, Wall Street boasts excellent organization facilities for hiring, and firing, clerks. Outstanding in tradition,—some twenty-two years—magnitude, and—by reputation, at least—genius for finding that right man for that right place is the National Employment Exchange. It is to this handler of the clerical reserves that bankers, brokers, insurers, corporations address their hurried requisitions when mobilization is sounded for an imminent clerical campaign.

The genial and humane manager of this establishment hopes one day to find time to write two books about his experiences in the open market for brain labor. His first book, on the technique of job finding, is planned along scholarly lines, because the intending author is a scholar. The second one is outlined as a humorous treatise, because he is also a humorist. Just what has he discovered about the clerical worker, in the years of his contact with him?

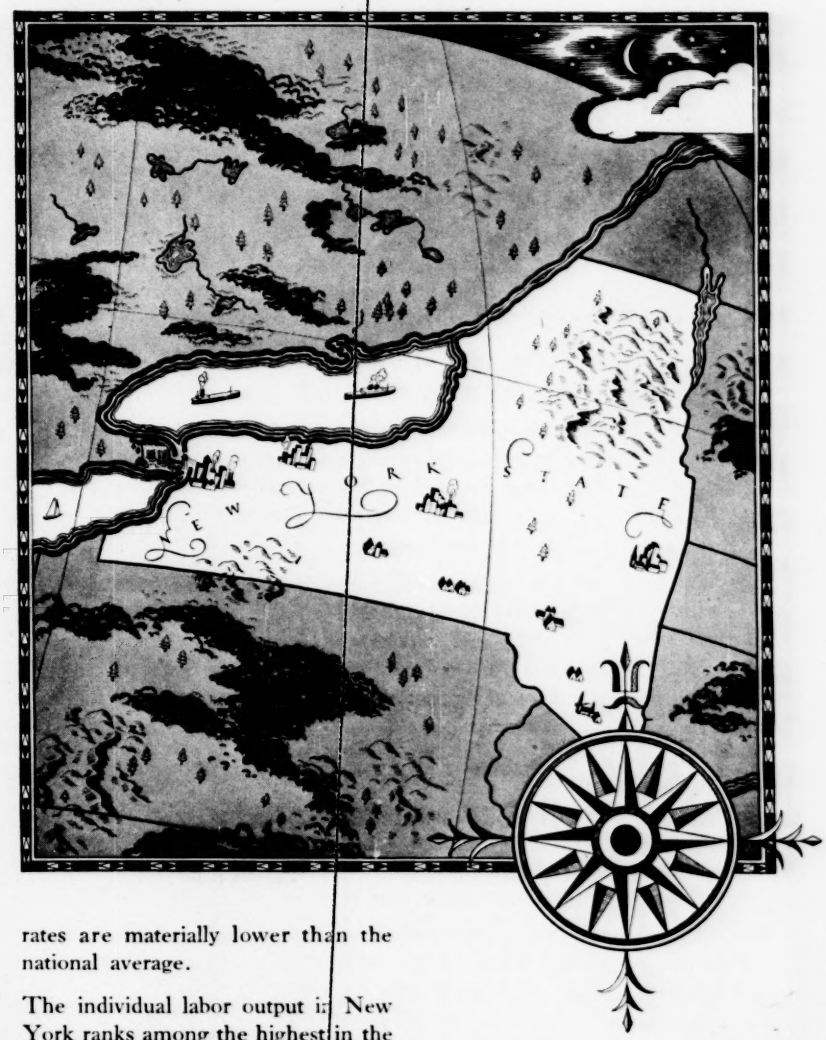
FIRST, and perhaps most remarkable of all, the clerical employee is no longer an intimate, as he used to be. He is anybody at all, a worker, almost a number, like a mill hand. Record-keeping has become such a large scale matter that it enlists veritable armies. Hence, the clerk, for centuries a confidential personality, of the very intellectual and moral family of the employer, is now perfectly anonymous, without identity, like a soldier. Today the profession is full of rovers, who never stay more than so many months with any one concern. And this disposition is growing. The Wall Street clerk, in particular, is venturesome by nature, as befits a man living in a gambling world, where the easy-come easy-go spirit prevails. He will quit a job without having another one because he is restless and because he is accustomed to the spectacle of successful risk.

In such an emergency as the recent panic the famous professional secret of the broker and banker has forcedly to go by the board, but in general it may be said that it is seldom abused or betrayed by the itinerant worker, because of his very discipline and because he goes through his batch of names and figures so fast that he pays no attention to identities just as post office clerks automatically distribute post cards without reading them.

A remarkable quality of today's clerk

E. B. Winslow

Your plant belongs where your Market is



IN the days when production costs were industry's chief concern, plants flocked to New York State. They came because water power, labor and raw materials were plentiful.

Today, when industry's chief problem is the cost of selling and distributing goods, New York State is more than ever the ideal location for a plant.

The greatest market in the world is concentrated around New York State. Forty-nine per cent of the nation's people, 55% of the nation's wealth are east of the Mississippi and north of the Ohio.

53 railroads blanket New York State with 8,400 miles of track. These are so intimately linked with a modern system of highways, waterways, lake and ocean ports that goods can be shipped directly and economically to any point in this country or foreign lands.

A wealth of raw materials is either in the state or cheaply obtainable by water from Canada or the West.

In the major part of New York State served by Niagara Hudson, power rates are materially lower than the national average.

The individual labor output in New York ranks among the highest in the land. There is an unlimited supply of skilled workers. 242 of the 264 industries mentioned by the U. S. Government are reported in this state. This insures stable, settled working conditions.

If you are interested in a more detailed discussion of New York's industrial advantages, write today for a new book, "New York, the Great Industrial State."

It contains new and authentic information and is sent to you without a personal follow-up of any kind. Address Niagara Hudson Power Corporation, Industrial Development Bureau, Albany, N. Y.

This book sets forth in crisp, tabulated form the essential facts about 45 of the industrial centers served by Niagara Hudson as follows:

ALBANY	LOWVILLE
ALBION	LYONS
AMSTERDAM	MALONE
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BUFFALO	MOHAWK
CARTHAGE	NIAGARA FALLS
COHOES	N. TONAWANDA
CORTLAND	OLEAN
FRANKFORT	ONEIDA
FREDONIA	OSWEGO
GENESEO	PULASKI
GLENS FALLS	RENSSELAER
GLOVERSVILLE	ROME
HERKIMER	ROTTERDAM
HUDSON	SARATOGA SPRINGS
HUDSON FALLS	SCHENECTADY
ILION	SKANEATELES
JAMESTOWN	SYRACUSE
JOHNSTOWN	TONAWANDA
LACKAWANNA	TROY
LEROY	UTICA
LITTLE FALLS	WATERTOWN
	WATERVLIET

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POWER CORPORATION

A Profit is not without honor — anywhere

THE dividend check and the balance sheet are but symbols of success. The purpose of being in business is profit.

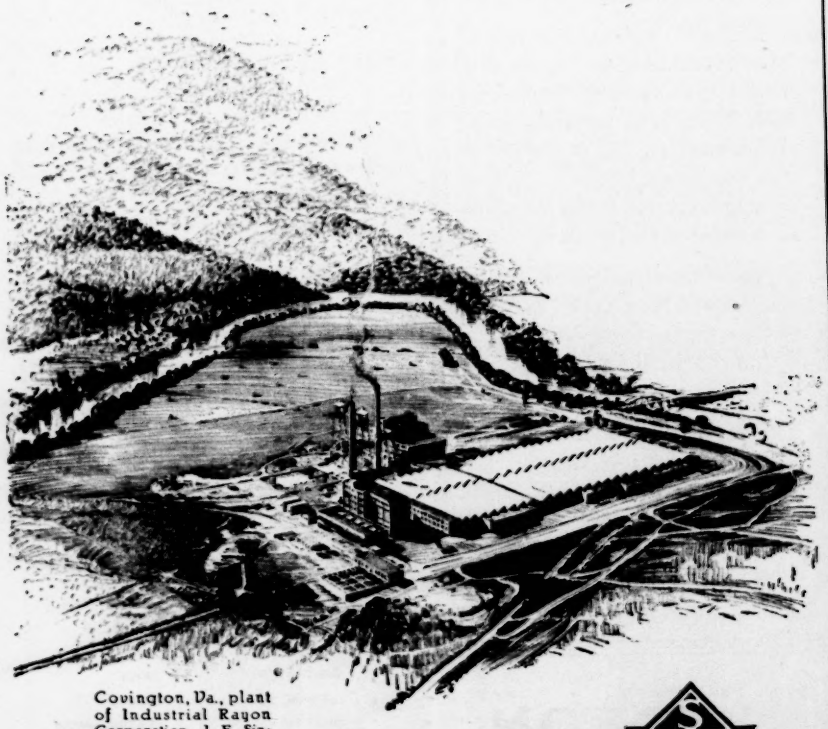
The price of continuance is constant improvement.

More signal improvements in business and manufacturing methods and equipment have been inspired by the balance sheet, probably, than by any other factor. Profit is a spur to progress.

As Engineers to Industry we have devoted nearly three decades to the problems of plant and process improvement. Perhaps this accumulated experience can lead to new or increased profit for your plant as it has for others.

Information is only a matter of your request.

J. E. SIRRINE & COMPANY
Engineers
Greenville South Carolina



Covington, Va., plant of Industrial Rayon Corporation, J. E. Sirrine & Co., Engineers.

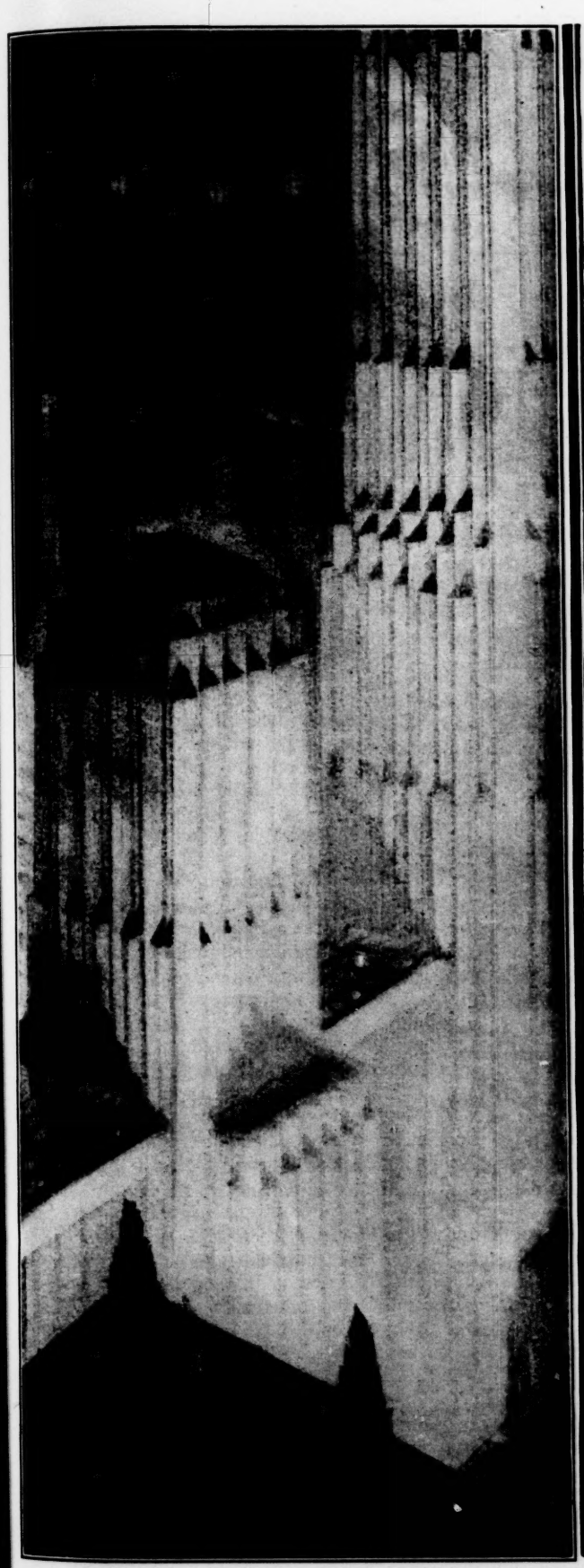
ENGINEERING CONSULTANTS ON THE SOUTH

is his aptitude for organization on short notice into formidable gangs for the undertaking of large jobs requiring infinite division of labor. The stock dividend of a great company is the perfect example. Such corporations as the American Telephone and Telegraph, General Motors, United States Steel, International Tel. and Tel., and Bethlehem Steel requisition a thousand clerks at a time for such a purpose. In no time at all these men and women are functioning as smoothly as a seasoned office force. In some cases these pinch-hitting battalions remain together with singularly few casualties for several months. Frequently they work in shifts, night and day. Many of the greater institutional banks are still operating with three shifts.

MANHATTAN'S largest clerical force in finance proper is that of the National City Bank, which has 6,000 clerks. Henry L. Doherty's Cities' Service organization boasts 3,000 people. Many banks and bond houses have more than 1,000. The shortest pay-roll among important institutions is that of J. P. Morgan & Co., which gives employment to only about 500 beings.

Aside from panic or boom relief, the National Employment Exchange does an enormous bread and butter business in securing permanent employees. The idiosyncracies of bosses are legion and exceeding strange. Some office managers specify stature, complexion, weight, accent, manners. Practically all Wall Street employers maintain the bar sinister of racial and religious exclusion, a singular commentary on the state of prejudice in what passes for the most sophisticated community in the new world. By and large, neither employers nor applicants for jobs can be trusted to tell the truth in reports to an agency, the applicants because they instinctively try to beat the infallible records and investigations of the agent and the employers because they are too soft-hearted and too "nice" to report anything unfavorable against clerks who have been dismissed or who have left on their own account. Consequently, the agency must keep elaborate records and undertake costly inquiries in order to be sure of the integrity and ability of the very people it is trying to help.

The lowest clerical salary considered is $14 a week for a 16-year office boy. The highest salary on which the agency ever collected a commission was $25,000 a year. Several times has it found jobs at this level. It has on hand today an order for a $50,000 man but it has not yet been able to find him.



A BANK

for the 21,000,000 who will be here in 1965

IN many ways the most interesting book for New York business men that has appeared within the past few months is the *Regional Survey of New York and its Environs,* Volume II.

Prepared by a distinguished group of economists and engineers, using scientific data and method, it confidently predicts a population for New York of 21,000,000 people in 1965.

So far as human vision can extend, there is nothing which can halt or even greatly retard this inevitable growth.

Every industry, every public service corporation, every bank which hopes to keep in step must make itself ready for increased service and larger operations.

The merger of The Seaboard National Bank and The Equitable Trust Company is a constructive effort to prepare for the larger business of the future.

To the customers of both banks it is sound business insurance — a guarantee of better, more adequate service immediately, and the promise of active co-operation in the development of future growth.

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OF NEW YORK

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A merger of The Seaboard National Bank and The Equitable Trust Company of New York

LONDON · PARIS · MEXICO CITY

Total resources more than $800,000,000

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In the Opinion of 5600 Business Men—

THE average volume of general business in the country as a whole during the three winter months will be about 1% under the level at the close of November, and about 2% under that of the same 90-day period last year. The stock market crash is reflected in a 4% decrease in volume of business during November, putting trade at the end of the month 2% below that of the same date a year ago.

Every section of the United States reports a decrease in volume of business during November, and every section except the Chicago, St. Louis, West North Central and South Pacific sections reports November-end business under that of November 30, 1928. Of the thirteen merchandising sections of the country, only four expect to do an average volume of business during the next ninety days exceeding that of the close of November, and only five sections expect this period to produce more business than did the corresponding 90-day period last year. Business men in all sections, however, indicate that they fully expect a material increase in business with the opening of the spring season.

Canadian business witnessed a drop in volume of about 6% between October 31 and November 30, leaving the month-end about 2% under the 1928 level. Returns from business men of the Dominion indicate that they expect to do an average volume of business during the three winter months running about 8% under that at the close of November, about 5% under that of the same 90-day period last year. Easy money and a brightening of the wheat marketing situation are the most favorable current influences in Canadian business.

FIVE favorable factors stand out in the present business situation. First, is the promise of an early return of the stock market to normal levels. The stock market adjustment has sent business men, big and little, back to work. In all too many instances have business organizations been drifting, the helmsmen giving far too much attention to the stock market. Such lack of attention to business was bound to result in loss of speed and efficiency. The prompt and energetic action of the President is an outstanding bright light on the rather clouded business horizon.

The second favorable factor is the promise of cooperative action by the business and industrial powers of the country as a result of President Hoover's conferences with business leaders. The sound construction plans announced will go far toward turning the thinking of the general public into more optimistic channels.

Third, is the return of money to normalcy, both as to rate and distribution for legitimate borrowers. General construction, together with business and industrial expansion, should be materially enhanced during the next few months by the availability of money at reasonable rates of interest.

Improved agricultural conditions (actual), and the more optimistic attitude (mental) of farmers stand out as the fourth favorable factor in current business. The Federal Farm Board is gradually putting its elaborate plans into operation, and there is more assurance among farmers that real farm relief is to be the ultimate result.

Finally favorable is the prevalence of small inventories among distributors, although there is some evidence that retail stores have stocked up for a holiday trade which may not materialize in the proportions expected.

Uncertainty and fear as to what the future may hold is the outstanding unfavorable influence. Factually, there is little to indicate that there will be a drastic decline in business and general industrial operations, but fear as to possible overproduction, unemployment, decreased purchasing power, decreased sales, over-stock of holiday goods, return of time-purchased goods, poor collections, etc., has undoubtedly resulted in a temporary reduction in the volume of business and production. But it is generally regarded as certain that the effects of the stock market deflation will be temporary.

THERE is, without doubt, some actual decrease in the buying inclination of a fraction of the general public—hitting luxury articles first and hardest—but there has been little effect on the real purchasing capacity of the country's consumers. The business man whose personal fortune was hit by the crash of the stock market—and there are thousands of this species—will feel for a time, at least, that all business has been hit as hard as he and will, therefore, work under a cloud of extreme caution until he finds that business is just as plentiful as ever if he will only go out and get it.

Currently there appears to have been some overproduction in certain industries, but there is little doubt that present distributors' inventories as a whole are light, commodity prices in general are uninflated, and there has been little if any speculative purchasing during the current year. Under these favorable conditions and with the great holiday demand in the offing, even though slightly under that expected earlier in the year, such stocks as are in the hands of the producer should be absorbed within a comparatively short time and manufacturing will resume its normal pace.

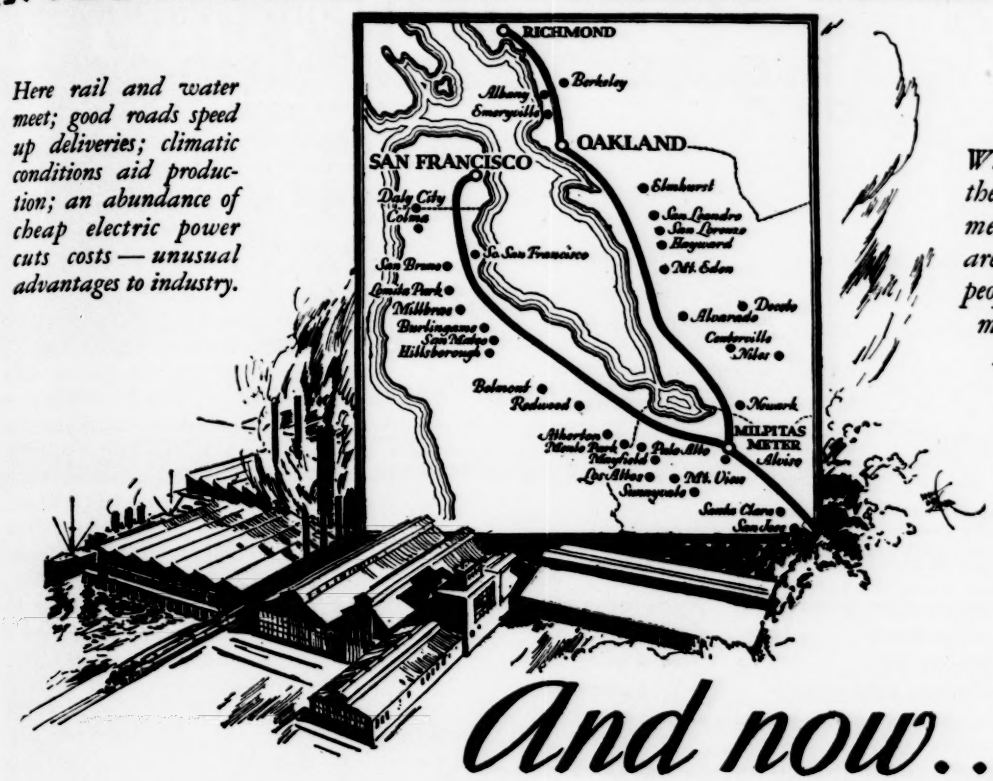
The Council on the Trend of Business

This is the gist of the views of 5,600 top executives composing The Council on the Trend of Business concerning the business outlook in their sections of the country.

THE BUSINESS WEEK receives and analyzes these business outlook reports each month. They give a composite picture not obtainable elsewhere, of the current thinking of a group of representative American business men. What business men think about business conditions is an important factor in determining business conditions. Though it is not statistically measurable, it helps to make the statistics that measure the business changes.

INVESTIGATE WHY OTHERS LOCATE HERE

Here rail and water meet; good roads speed up deliveries; climatic conditions aid production; an abundance of cheap electric power cuts costs — unusual advantages to industry.



Within 40 miles of the San Francicso metropolitan bay area live 1,600,000 people—the largest market on the Pacific Coast.

And now.....

a supply of NATURAL GAS *to the San Francisco Bay area*

Natural gas is now available for industries in the San Francisco metropolitan bay area. The supply is available from the Buttonwillow and Kettleman Hills gas fields, said by eminent geologists to be the greatest gas fields in the world, capable of delivering 400,000,000 cubic feet of gas per day for a period of 75 years.

And now the San Francisco metropolitan bay area, in addition to its many other attractive inducements for industrial development, offers this new fuel of over 1100 British Thermal Unit Content at particularly low rates.

This Company will place industrial engineers at your disposal. Facts applied to your specific plant will be presented promptly and confidentially to your executives.

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Ind. No. 1

A Christmas Suggestion

A number of our readers have asked us whether we would have a special rate for Christmas Gift subscriptions to THE BUSINESS WEEK.

They also inquired whether we could send Christmas Cards to the recipients notifying them of the gift.

To comply with these requests we have arranged the following

CHRISTMAS SUBSCRIPTION RATES:

1 yearly subscription $5.00	(Regular rate)
2 subscriptions . . . $8.00	(Saving of $2.00)
3 subscriptions . . $12.00	(Saving of $3.00)
Additional Subscriptions . . .	$4.00 each

Foreign Postage $1.00 a year extra

With each Gift Subscription we will send a handsome Christmas Card to the recipient in the giver's name. THESE RATES ARE GOOD ONLY UNTIL DECEMBER 24, 1929.

Detach the coupon below and mail at once!

THE BUSINESS WEEK,
475 Tenth Avenue, New York, N. Y.

Enter the following Christmas Gift Subscriptions for one year each and send notification cards in my name to:

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I shall pay when billed.

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Due to its distinctive appeal, it is suggested that subscriptions for THE BUSINESS WEEK be entered *only* for executives of responsible business concerns.

Conservation by Obstruction

THE Colombian Parliament has adjourned without passing the new oil law, thereby upsetting the plans of every invading oil company—American or British—and postponing all possibility of action of any kind until July 19 next. Up to October, 1873, Colombia alone among South or Central American republics recognized private ownership of the sub-soil; then she adopted from the Code Napoléon the principle of state-ownership of everything below the grass roots. Since then politics and obstruction have been the rule.

When Mexican oil fields went to salt water adventurous prospectors scoured Venezuela first, Colombia next. They found what the geological profession thinks is a stupendous reserve, as big a find as Persia. Very little drilling has been done there but tremendous sums of money have been spent on concessions. At various times the Standard of Jersey, the Texas Company, Gulf have figured in Colombian vast-scale deals.

An insolent little joker in the game of Colombian obstruction was the granting of an oil concession bang up against the Panama Canal to an English Colonel, of all nations and all careers! Washington talked to London about this Col. H. I. F. Yates and the irritating concession was finally cancelled by the grinning Colombian officials. They had hoped to stir up a nice little war.

Not to be outdone in light legal diversions by its neighbor, Venezuela has improvised in its courts an oil comedy which promises to go down in history as the best farce in an industry rich in funny situations. Five great oil companies bought five concessions in unsurveyed Venezuelan jungle described quite neatly as so and so many kilometres in a certain direction from the village of Salado.

Salado, translated, means Salt Springs. Yankee-hating, British-fearing functionaries at Caracas dusted off ancient maps. They deforested exactly five villages called since time immemorial Salado. The careless Caracoan registrar of land deeds who made out the original concession of Salado in 1825 had forgotten to specify which one of the five he meant, if he ever knew. Now the matter will be settled, after two or seven years' debate and millions of expense between such staunch legal battlers as the Standard of Jersey, Atlantic Refining, Gulf, Union, Creole.

GLOBE Multi-PLY FORMS

1 Save Money
2 Save Time
3 Speed Operations
4 Simplify Record Writing

5 "Non-stop" typing insures Accuracy

Globe Multi-PLY Forms are typed on the Elliott-Fisher Automatic Feed Machine with its exclusive flat writing surface. The GLOBE GOVERNOR attachment for Multi-PLY Forms makes possible the use of different widths, weights and colors of paper in the same set of forms—up to fifteen copies to a set—500 to 1000 sets at one loading. The flexibility of this device is an outstanding feature in connection with the use of Multi-PLY Forms.

You run the risk of errors—every time records and forms are copied and re-copied.

Multi-PLY Forms reduce errors and increase accuracy, because with this method of "non-stop" typing, there's no need for re-copying.

With Multi-PLY, various forms can be combined and written *in one operation—at one time—in one place*—right when all the data is at hand. Invoices, for instance, can be combined with order forms, bills of lading, departmental records and the like—or any other combination.

This method of *one-writing* not only insures accuracy, but reduces typing operations; cuts the payroll; saves carbon paper; gets forms out quicker; lowers printing costs; and speeds up plant operations.

With Multi-PLY "non-stop" typing, machine operations replace time-wasting hand methods. Carbon paper handling is eliminated. The operator spends 100% of her time *producing*. She simply types and extracts the forms. No time lost. No stops to stuff carbon, jog sheets, align forms, insert in machine, remove carbon—in other words, no *getting ready* or *finishing up* operations.

Learn how Multi-PLY Forms will save you time and money, cut out the costly errors, and speed up plant operations. No cost or obligation. Just send the coupon for full information and a big supply of typical Multi-PLY Forms.

Send the coupon for full information and sample forms

The Globe Register Co.
Division of United Autographic Register Co.
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FACTORIES
Chicago Cleveland Cincinnati Oakland
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City and State_____

Where? How? When?

to make more profits

Profitless prosperity comes from too much stress on quantity selling; too little thought for quality sales to right dealers, at right time, at right place, at right price; not enough attention to reducing costs in field as well as factory; too little study of markets.

WHERE to begin? In New York, because it is both a quality and quantity market, big enough and good enough for you to sell high grade goods for a good price and at a low cost. In this metropolitan trading area there is concentrated population, big buying power, high standards of living and spending.

HOW to begin? With spot stocks at Bush Terminal in New York. This way you delegate to Bush Distribution Service experts the whole task of receiving, storing and delivering goods. You cut your costs of physical distribution. You assure a steady flow of your goods. You avoid all the friction and loss of delayed shipments and out of stock. This way you remove most of the reasons for the "substitution" that you dread — and you may benefit by distributors' substituting your goods in place of your competitors . . . for yours will always be in stock. This way you can easily secure enough distributors and the right variety of outlets.

WHEN to begin? Now is none too soon. Write Bush Distribution Service today for your complimentary copy of "More Profits in New York." In your letter outline your special sales and distribution problems and you will get with the book that describes Bush Distribution Service a special letter telling how this service that has made more profits for three thousand other manufacturers will help you.

BUSH DISTRIBUTION SERVICE

Bush Terminal Company

100 Broad Street **New York, N.Y.**

Please mention this issue of Business Week

Wide Reading

ENGINEERS IN AMERICAN LIFE. L. W. Wallace and J. E. Hannum. *Mechanical Engineering,* December. Engineers and architects are versatile, not narrow; internationally, not provincially minded; leaders, not followers; cultured, not rude.

HOW BUSINESS CAN PROFIT FROM THE LIBRARY. Marian C. Manley. *Forbes,* December 1. Nine cities in the country have definite business branch libraries. What they can do for the business man—and how.

THE MERGER MOVEMENT. Matthew S. Sloan. *Century,* Autumn. Benefits, especially to the utilities, of combination.

UNFOLDING THE DRAMA OF NEW FASHIONS. Gordon Cole. *Printers' Ink,* November 21. American manufacturers of women's wear have little voice in what the fashion shall be. There's a new impulse.

'TWAS THE MONTH BEFORE CHRISTMAS. John Burt Hardee. *Printers' Ink,* November 28. Think of December as a month and not as a day in advertising utilitarian products.

THE FUTURE OF THE GREAT CITY. Stuart Chase. *Harpers,* December. Within a decade even New York could be made genuinely and reasonably safe. Suggestions from an individualist.

THE GRAIN WAR IN SOVIET RUSSIA. Professor Alzada Comstock. *Current History,* December. An unfavorable situation looms in the Soviet program of growth, otherwise successful and popular.

A REVIEW OF THE WORLD'S BANKS. *The Statist* (London), November 9. Summary review issue devoted to international banking and its problems. Concrete, inclusive, valuable as a reference.

ITALY'S SEVEN YEARS UNDER MUSSOLINI. Carleton Beals. *Current History,* December. Another and fresh interpretation of Italy's maneuvers in the Mediterranean; indications of developing trends.

THE WEST LEADS THE WAY IN THE AIR. Haberlin Moriarty. *Western Advertising and Western Business,* November 7. Details of aviation progress in 12 Western states, including tables. Of interest to the industrialist as well as the air enthusiast.

BOOKS

HELP-WANTED ADVERTISING AS AN INDICATOR OF THE DEMAND FOR LABOR. Anne Bezanson. University of Pennsylvania Press, 104 pp., $2. A statistical analysis of help-wanted advertising, its relation to employment and labor turnover, its use as an indicator of labor needs of specific industries and certain findings as, for example, that advertising for unskilled help has decreased while that for skilled help steadily increased during last seven years.

CONTEMPO. John and Ruth Vassos. Dutton, $5. Tempo and spirit of modern art; abstract, sometimes sympathetic, always individual, staccato. Illustrations and text of particular interest to advertisers, designers, moderns.

Anti-trust laws, lacking definition, retard progress through cooperative action, even though Washington hasn't "put its foot down"

Business is Dragging its Brakes

ALMOST every day brings new need and new demand for further definition of federal anti-trust laws. When, during the Coolidge administration, government departments encouraged business to "solve its own problems" by collective action, business took them seriously. Trade associations and "institutes" have been set up and strengthened in nearly every industry. When the Federal Trade Commission developed its trade conference plan, business took to the idea with ready enthusiasm. When Colonel W. J. Donovan, as Assistant Attorney General, invited merger-makers to come to the Department of Justice for advice on whether their plans conflicted with the anti-trust laws, they came with a great faith in governmental benevolence and the mergers —and the chains and the cooperatives— have grown and flourished.

But they have all—government official and business man alike—gotten ahead of legal interpretation, which is what counts in the showdown, and they are all worried. And some of them are worried because they feel that economic necessity is driving them still further.

The oil industry has found itself bound to over-production. Each unit must get out all the oil it can as fast as possible, or its neighbors will drain the field. Apparently the only solution is a common agreement to restrain production. The industry has hesitated to take action for fear it would be adjudged illegal.

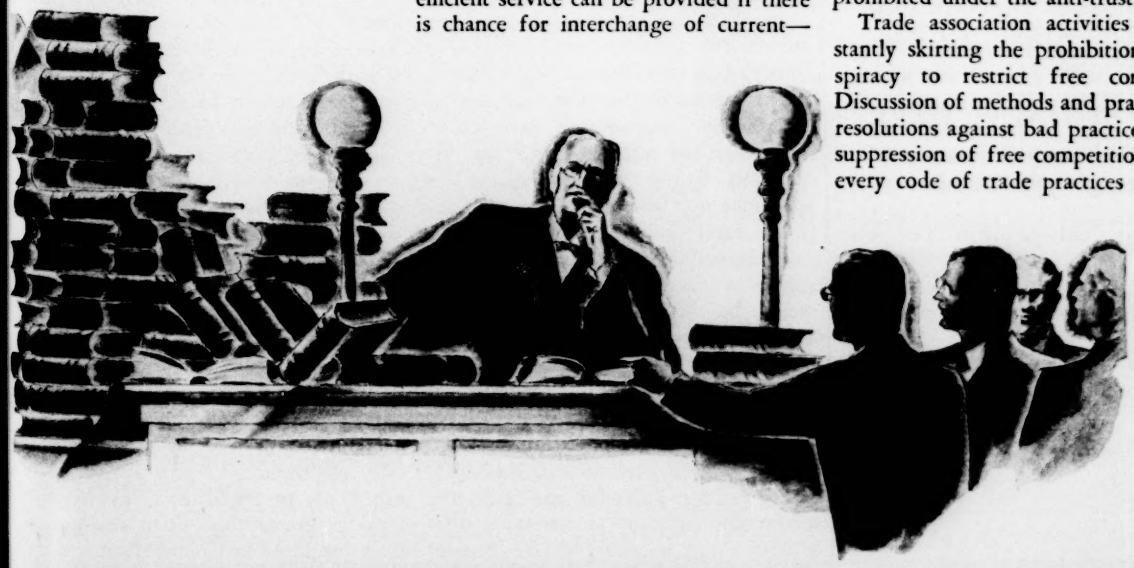
The coal industry has too many mines. The only way for mine owners to compete is to get the coal which is easiest to reach and leave the rest. Reduction of output has been achieved only so far as part-time operations have worked to that end. As a result, miners have to secure a living on work that is available only a few days each week at best. Under such conditions there is waste both of coal and man power. One solution might be to close enough mines so that the rest could work full time. But that would need common action. Again industry has hesitated to act.

Electric power needs vary from place to place and from time to time. More efficient service can be provided if there is chance for interchange of current—using water power to the full when it is available, drawing on steam plants when the streams are low. This would necessitate working together in a way that suggests of monopoly.

Wire and wireless telegraph and telephone services are as mutually linked as the railroads and airways, but they have been forbidden to merge.

In the early days almost any agreements by groups of business men were deemed contrary to the law. Then, twenty-one years after the enactment of the Sherman law, the Supreme Court wrote the famous "rule of reason." That decision limited the prohibition of the law to "unreasonably" restrained trade. Thus was set up an indefinite standard of measurement and, therefore, today the law exists only in the vague interpretations of the courts. There is no limit on the court except its own discretion. All the newer developments of distribution contain elements of group action of one sort or another. We have not yet had definite interpretations from the courts as to which of our new marketing machinery is legal and which is prohibited under the anti-trust laws.

Trade association activities are constantly skirting the prohibition of conspiracy to restrict free competition. Discussion of methods and practices and resolutions against bad practices may be suppression of free competition. Nearly every code of trade practices submitted



Why Industry is Moving to the Country—

NOT so long ago, industry was confined to the population centers because of limited transportation, communication and power facilities.

Today, the factory builder may choose the country,—close to raw material sources, where workers, at reasonable wages may enjoy living conditions that make them content in leisure hours and efficient in hours of work.

Central Carolinas, offers to industry, many virgin locations in proven territory. All the advantages of the great city without the disadvantages, may be found in this country where men love to live and work.

CAROLINA
POWER & LIGHT COMPANY
ROOM NO. 320 INDUSTRIAL BUREAU
RALEIGH, NORTH CAROLINA
SERVING CENTRAL CAROLINAS AND WESTERN NORTH CAROLINA

WALKER & DOWNING
Advertising
OLIVER BUILDING
PITTSBURGH, PA.

A GROUP of practical, experienced advertising men specializing in the preparation and follow-through of common sense industrial advertising. • • • • •

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Enter my subscription for one year (52 issues) at $5.00.

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If my remittance is not enclosed, send me a bill.

NAME

ADDRESS

POSITION

to the Federal Trade Commission contains some items, agreed upon by the trade, which define unfair practices beyond the definitions established by the courts. The commission divides each code into Group I rules, which it "approves"; Group II rules which it "accepts as expressions of the trade"; Group III rules, which it rejects. The assumption might be drawn that, since Group II consists of agreements to desist from activities which have not been declared unfair under strict legal definition, they, therefore, may be agreements to desist from fair practices—and thus in restraint of free competition.

As an example which might be duplicated in any of the recent trade codes, the woodworking machinery industry, ruled in its code that, "Granting either a selling commission or dealer's discount to any concern or individual other than an established woodworking machinery dealer or salesman is unfair trade practice." This rule was not given the commission's approval but was "accepted as an expression of the trade and placed in Group II." On the basis of that acceptance the trade in effect undertakes to force all business through authorized dealers and to freeze out others. A court might some day adjudge that rule an agreement in restraint of trade.

Trade institutes, gathering and reporting statistics, especially on prices and sales, skirt the border line of "conspiracy" as it has been defined in past court decisions. Group collection and publication of figures is the common practice of trade associations today, but the limits of what is publishable and what is not are matters of discussion among the lawyers. They are not in agreement on just how far it is safe to go. Prices on completed sales are permitted. Quotations on uncompleted sales, which are permitted in the wheat market, are prohibited in the farm feed market.

Voluntary cooperatives have grown faster than any other instrument of distribution during the past year. This enormous network is under the shadow of a legal question: Are voluntary cooperatives based on unlawful agreements in restraint of competition? It would be disastrous if the courts decided that they were.

THE Federal Trade Commission has developed trade conferences under the authority of the act creating the Commission. The act declares unfair methods of competition unlawful, and gives the commission authority to determine what is unfair and to apply to the Federal courts to prosecute. It also gives authority "to make rules and regulations for the purpose of carrying out the provisions of the Act." The conferences are based on such authority. The resulting codes are arranged by the commission as statements defining "unfair methods of competition." As developed, therefore, this might be described as extra-legal machinery for defining illegal acts. But the courts will not sustain definitions going much beyond what courts have already defined. Each new court decision involving "unfair methods of competition" enlarges the scope of the commission's authority, but does not catch up with its definitions.

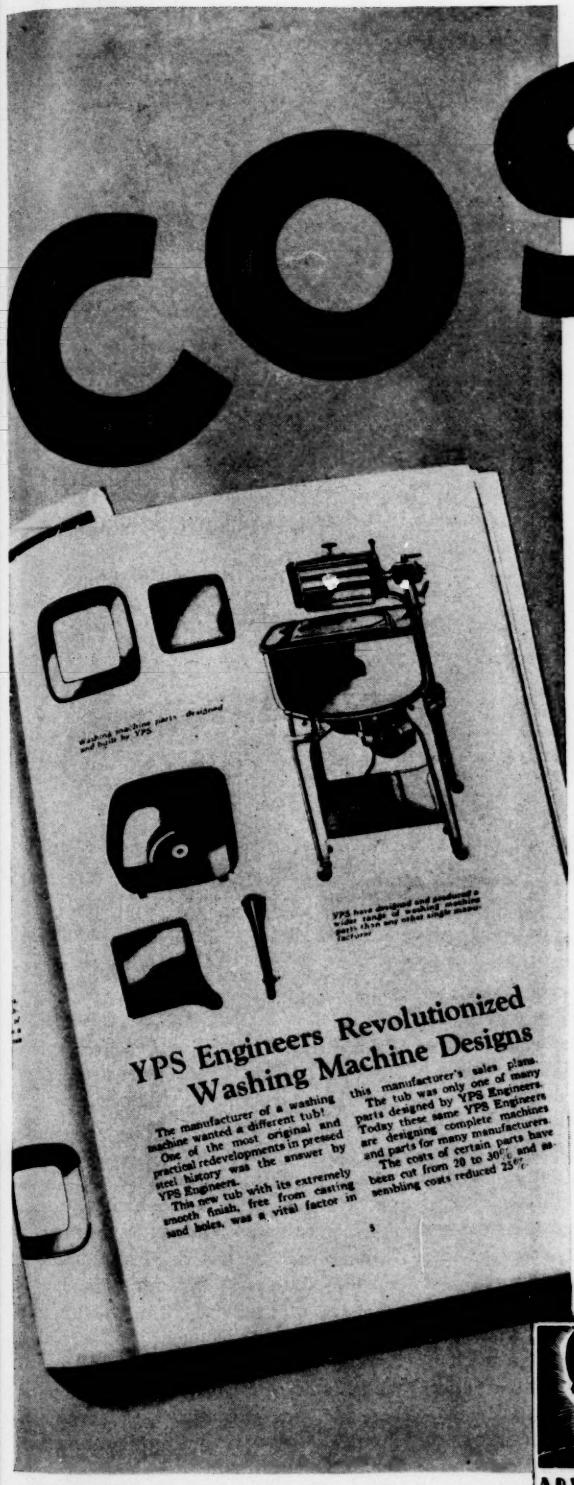
For instance, the United States Circuit Court of Appeals for the Sixth Circuit (Cincinnati) last month entered a decree affirming an order of the Federal Trade Commission to prohibit the practice of commercial bribery. It was the first instance on record in which a Federal Court has affirmed that commercial bribery is an unfair method of competition. Prior to that, approval of trade practice rules condemning commercial bribery, by the commission was, in effect, "subject to approval by the courts." Now commission approval will be "on the basis of court definition."

EACH past wave of mergers has brought about new problems requiring new refinements of the anti-trust laws, and has resulted in amendments to the Federal statutes. The press of new problems is greater at this time than in either of the previous periods. What is illegal concentration or cooperation? What constitutes an agreement in restraint of trade?

Charles Wesley Dunn, general counsel of the Associated Grocery Manufacturers of America, suggested to the grocers at their annual meeting in Washington, that many of these difficulties might be solved by an amendment to the anti-trust laws reading in substance: "It shall be lawful to take any business or trade action—the purpose and effect of which shall be to promote constructive competition."

He admitted that this would throw on the courts the defining of "constructive" and of "destructive" competition. He maintained that the courts are a proper body to make such a definition.

Mr. Dunn also suggested that the Department of Justice or the Federal Trade Commission or both should be specifically empowered to give advice in advance of proposed acts, as to their legality, presumably along the general lines developed by Colonel Donovan and by the trade practice conferences.


YPS Engineers Revolutionized Washing Machine Designs
The manufacturer of a washing machine wanted a different tub! One of the most original and practical redevelopments in pressed steel history was the answer by YPS Engineers.
This new tub with its extremely smooth finish, free from casting sand holes, was a vital factor in this manufacturer's sales plans.
The tub was only one of many parts designed by YPS Engineers. Today these same YPS Engineers are designing complete machines and parts for many manufacturers.
The costs of certain parts have been cut from 20 to 30% and assembling costs reduced 25%.

COSTS CAN BE REDUCED

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TREND *and* TEMPO

By Robert R. Updegraff

RATHER startling is the idea advanced by Raymond S. Jewett, president of The Associated School Boards and Trustees of the State of New York, that schools be equipped with radios in each classroom and that the state educational departments broadcast instruction by specialists in various subjects.

"It would be perfectly feasible," says Mr. Jewett, "for the Education Department to prepare and broadcast programs during the whole school session each day which would enable many schools materially to reduce their instructional expense and give the smaller schools many advantages in the way of a varied program which they are now unable to have on account of the expense."

Certainly this idea is in tune with the times. There seems no reason, with radio and the talking motion picture, why we should not centralize some of our school instructional service so that the best teachers in each line may multiply their effectiveness, and each community benefit by this expert instruction, much as our modern chain stores benefit by centralized accounting, purchasing, etc., administered by high-calibre men.

The need for effecting every possible saving in the cost of education, and of utilizing the best talent in the broadest way possible, is clear when we take into account that there are upwards of 25,000,000 pupils enrolled in the public schools of the United States, that more than three quarters of a million teachers are employed, and the annual expenditure is approximately $2,250,000,000. Education has reached the proportions of big business, and it is time business men paid more attention to it.

THE business executive who never has had a clear picture of the history and progress of the world since early times, with relation to its economic as well as social development, and who assumes that to get such a picture would involve taking numerous courses in history and economics, will be delighted to get hold of Geoffrey Parsons' book, "The Stream of History."

It is as readable as a novel and a remarkable mental stimulus. In short, a "find."

ARE you familiar with Paul Morand's verse? Here is the French poet's word-picture of business:

5,000 Dollars
to who will prove
that a word can be heard in the factory
when the round boilers are being forged.
The chassis fly about, above head;
the skull bursts
under the noise of the steam-hammers.
I love that.
I direct my day with the speed of the aerial railway.
I invite my friends over the megaphone.
I eat my lunch standing,
the stock exchange returns are unrolled on the floor,
the subway vibrates in my legs.
I love that.

THERE is developing a widespread appreciation of the value of music in industry. Psychologists are studying its influence. Personnel directors are applying it in a wide variety of ways. But what a long time it has taken us to wake up to its value and influence!

Clear back in the seventh century the Venerable Bede wrote: "Music is the most worthy, courteous, pleasant, joyous and lovely of all knowledge; it makes a man gentlemanly in his demeanor, pleasant, courteous, joyous, lovely, for it acts upon his feelings. Music encourages us to bear the heaviest afflictions, administer consolation in every difficulty, refreshes the broken spirit, removes headache and cures crossness and melancholy."

How we need more of such a prescription in business! And there are signs that it is going to be used, even in offices. I know of several New York business executives who have radios in their private offices, and several times a day turn on some good music and relax for five or ten minutes.

A CAREER is BORN

IN HUNDREDS of homes tonight a familiar scene will be enacted—a scene simple in its setting yet dramatic in its significance. For it will witness the birth of a career.

A young man, possibly feeling for the first time the serious responsibilities of home and family, is face to face with the fact that the income from his daily work is not adequate to his needs.

Ambitious to get ahead, yet realizing his own limitations—conscious of the need of special training, yet wondering where to get it—he has hesitated between decision and indecision, hope and discouragement.

Then comes the suggestion of an opportunity that may well make this moment the most important of his life. Perhaps the idea comes through a familiar advertisement, or through the chance word of an acquaintance. But however the interest may be prompted, it brings to his aid a new friend and counselor—the representative in that community of the International Correspondence Schools.

In the quiet of the young man's own home they talk over his problems and his dreams. And out of that talk comes decision. The fire of ambition is rekindled. The future is charted clearly. Special training is provided that will develop his natural abilities.

Tonight—and every night—in towns and hamlets all over the United States and Canada, this service is being rendered. And in every field of business and industry there are men in positions of leadership who will tell you that they owe their success in no small measure to the friendly help and sustained encouragement of a representative of the International Correspondence Schools.

Selected and trained with a serious regard for the work he is to do, the I. C. S. representative is a substantial business man making a constructive contribution to the welfare of his community. By the very nature of his work, he is equipped to give intelligent assistance in the choice and accomplishment of a career. He is unprejudiced in his advice because he can offer aid in practically any direction. He is backed by an institution with 241 standard courses and scores of special courses, covering almost every business and technical subject.

He is familiar with the needs of industry, and has the co-operation and confidence of many employers. He comes primarily to serve, and he brings a medium of training available to *every one* because its basis is spare-time study, in the home.

He is an architect of fortunes—a builder of careers—because he helps men to help themselves.

If you wish to know more about the International Correspondence Schools and their service, write for the booklet, "The Business of Building Men."

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EDITORIAL PAGE

THE BUSINESS WEEK—A McGRAW-HILL PUBLICATION

No More Booms, Please

THE conferences of business leaders which the President called in Washington a week ago, and those which the United States Chamber of Commerce sponsored this week have, we believe, been unfortunately and unwisely misinterpreted to the business community and the general public, and their real significance and purpose have been obscured. We are sure that nothing could be further from the President's conception than the idea that business can or should be "talked up" when it is going through a period of necessary and salutary readjustment or house-cleaning, or that another bull market and another business boom can be manufactured to order by a party in power for the sake of preserving its political prestige.

It is possible that a considerable part of the business community is no longer able to think of business prosperity in any other terms than those of bull markets and booms, and assumes it is the chief function of government to engineer them. If so, the sooner it gets over that way of thinking the better. It is high time we recovered from the mania for smashing records or hitting "new highs" and acquired a wholesome respect for steady and well-balanced growth. In the present situation, especially, there is grave danger that any artificially-generated boom would promptly prove a boomerang, and doubtless no one knows this better than the President himself.

His efforts are, in essence, an experiment in the possibilities of cooperation between Government and organized business toward more stable and better-balanced business development. No one can say whether it is quite practicable until it is earnestly and conscientiously tried. No one can be certain whether some of its features—such as the temporary and perhaps artificial easing of credit, the special stimulation of certain kinds of construction, and the large-scale use of government funds to sustain farm prices and subsidize shipping—are quite safe and sound until they are tested, as the President says, prudently. It is certainly worth while, at a time when confidence in both Government and business is not a little weakened, to try it and see whether such cooperation between them can succeed.

But cooperation means cooperation. It implies that Government will not try to run away with business, and that business will not try to run away with itself or with Government. It can avail anything only if both strive sincerely to find and face the facts of business conditions, make them candidly known to the public and the business community, and willingly subordinate group or party interests to the task of dealing with them. At this juncture, to conceal the truth, to cherish or create exaggerated expectations, would be a tragic breach of trust and would discredit permanently not only the inspiring and fruitful ideal upon which this whole effort is based, but, as well, those who have fostered it.

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